

IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988

HEARINGS BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES OF THE COMMITTEE ON WAYS AND MEANS HOUSE OF REPRESENTATIVES ONE HUNDRED FIRST CONGRESS SECOND SESSION

MARCH 26, 1990, SAN DIEGO, CALIFORNIA
APRIL 30, 1990, LITTLE ROCK, ARKANSAS

Serial 101-82

Printed for the use of the Committee on Ways and Means



U.S. GOVERNMENT PRINTING OFFICE

31-764

WASHINGTON : 1990

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

COMMITTEE ON WAYS AND MEANS

DAN ROSTENKOWSKI, Illinois, *Chairman*

SAM M. GIBBONS, Florida	BILL ARCHER, Texas
J.J. PICKLE, Texas	GUY VANDER JAGT, Michigan
CHARLES B. RANGEL, New York	PHILIP M. CRANE, Illinois
FORTNEY PETE STARK, California	BILL FRENZEL, Minnesota
ANDY JACOBS, Jr., Indiana	DICK SCHULZE, Pennsylvania
HAROLD FORD, Tennessee	BILL GRADISON, Ohio
ED JENKINS, Georgia	WILLIAM M. THOMAS, California
THOMAS J. DOWNEY, New York	RAYMOND J. McGRATH, New York
FRANK J. GUARINI, New Jersey	HANK BROWN, Colorado
MARTY RUSSO, Illinois	ROD CHANDLER, Washington
DON J. PEASE, Ohio	E. CLAY SHAW, Jr., Florida
ROBERT T. MATSUI, California	DON SUNDQUIST, Tennessee
BERYL ANTHONY, Jr., Arkansas	NANCY L. JOHNSON, Connecticut
RONNIE G. FLIPPO, Alabama	
BYRON L. DORGAN, North Dakota	
BARBARA B. KENNELLY, Connecticut	
BRIAN J. DONNELLY, Massachusetts	
WILLIAM J. COYNE, Pennsylvania	
MICHAEL A. ANDREWS, Texas	
SANDER M. LEVIN, Michigan	
JIM MOODY, Wisconsin	
BENJAMIN L. CARDIN, Maryland	

ROBERT J. LEONARD, *Chief Counsel and Staff Director*

PHILLIP D. MOSELEY, *Minority Chief of Staff*

SUBCOMMITTEE ON HUMAN RESOURCES

HAROLD FORD, Tennessee, *Chairman*

THOMAS J. DOWNEY, New York, <i>Acting Chairman</i>	E. CLAY SHAW, Jr., Florida
DON J. PEASE, Ohio	HANK BROWN, Colorado
ROBERT T. MATSUI, California	DON SUNDQUIST, Tennessee
BARBARA B. KENNELLY, Connecticut	NANCY L. JOHNSON, Connecticut
MICHAEL A. ANDREWS, Texas	
WILLIAM J. COYNE, Pennsylvania	

CONTENTS

SAN DIEGO, CALIFORNIA, MARCH 26, 1990

Press release of Thursday, March 8, 1990, announcing the hearing	Page 2
--	-----------

WITNESSES

California, State of, Department of Social Services, Dennis J. Boyle.....	6
Consortium of High Schools and Community Colleges, and San Diego Commu- nity College District, Robert W. Coleman	51
GAIN Program, San Diego County, Ray Koenig, Theresa Matos, and Myisha Mack	68
San Diego County:	
Board of Supervisors, Hon. Leon L. Williams.....	4
Department of Social Services, Richard W. Jacobsen, Jr.....	18
Family Support Division, Ralph J. Fear.....	56
Western Center on Law and Poverty, Inc., Sacramento, Calif., Casey S. McKeever.....	38

SUBMISSIONS FOR THE RECORD

California Family Support Council:	
Stephen H. Kennedy, letters and attachments	73
Edwina Young, statement	81
Lake County, Calif., District Attorney's Office, Family Support Division, Stephen O. Hedstrom and Joyce Martin, joint letter and attachments	83
Napa County, Calif., District Attorney's Office, Family Support Division, Phyllis D. Boyson, statement	86
Sutter County, Calif., District Attorney's Office, Family Support Division, Carl V. Adams, letter	88
Tulare County, Calif., District Attorney's Office, Family Support Division:	
Peggy M. Anderson, statement.....	90
John S. Higgins, Jr., statement	91

LITTLE ROCK, ARKANSAS, APRIL 30, 1990

Press release of Wednesday, April 18, 1990, announcing the hearing.....	94
---	----

WITNESSES

Arkansas Advocates for Children and Families, Amy L. Rossi	147
Arkansas Career Resources, Inc., Brownie W. Ledbetter.....	161
Arkansas, Department of Human Services:	
Terry Yamauchi, M.D.....	111
Abbie Burr, Division of Economic and Medical Services.....	158
Project SUCCESS:	
Brenda Graves.....	159
Olga Jo Liatsos.....	160
Clinton, Hon. Bill, Governor of Arkansas	97
Crawford-Sebastian Community Development Council, Inc., Weldon Ramey	153
Louisiana Department of Social Services, Howard L. Prejean	116
Mississippi, State of, Office of the Governor, Jesse Buie	141
North Central Vocational Center, Sue L. Gritts.....	156

(III)

IV

SUBMISSIONS FOR THE RECORD

Pulaski County Child Support, Little Rock, Ark., Judy Jones Jordan, statement.....	Page 176
Robinson, Hon. Tommy F., a Representative in Congress from the State of Arkansas, statement.....	179

IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988

MONDAY, MARCH 26, 1990

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
San Diego, CA.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 310, County Administration Center, San Diego, CA, Hon. Thomas J. Downey (acting chairman of the subcommittee) presiding.
[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
THURSDAY, MARCH 8, 1990

PRESS RELEASE #17
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN,
SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCES A FIELD HEARING IN SAN DIEGO, CALIFORNIA,
ON IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988

The Honorable Thomas J. Downey (D., N.Y.), Acting Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold a hearing on implementation of the Family Support Act of 1988 in San Diego, California, on Monday, March 26, 1990. The hearing will begin at 10:00 a.m., and will be held in the North Boardroom, Room 310, County Administration Center, 1600 Pacific Highway, San Diego, California.

In announcing the hearing, Chairman Downey said: "It has been over a year since the Family Support Act of 1988 was enacted -- the most significant welfare revision in decades. The State of California and the City of San Diego have been leaders in welfare reform, particularly in the design of work programs for welfare recipients. This hearing will enable the Subcommittee to learn first hand about California's experience. I look forward to learning about what is working, what is not working, and what the likely effects are in a State as large and diverse as California."

Oral testimony before the Subcommittee will be heard from invited witnesses only. Members of the Subcommittee are particularly interested in learning about: (1) The City's and State's experience with implementing the requirements of the Job Opportunities and Basic Skills (JOBS) program; (2) plans for implementing the transitional child care and health care benefits on April 1, 1990; and (3) the expected effect of the child support enforcement amendments contained in the Family Support Act.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any interested person or organization may file written comments for inclusion in the printed record of the hearing.

Persons submitting written statements for the printed record should submit at least six (6) copies of their statement by the close of business, April 9, 1990, to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public, they may deliver 100 additional copies for this purpose to the hearing site on the morning of the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will ~~not~~ be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and public during the course of a public hearing, may be submitted in other forms.

Acting Chairman DOWNEY. The subcommittee will come to order. Today we are holding our first field hearing on the implementation of the Family Support Act of 1988.

Much has happened since our last hearing in Washington nearly 1 year ago. The Department has proposed and issued regulations on the Job Opportunities and Basic Skills Program. Twenty-seven States have approved JOBS Programs already, and all States will have approved programs by October of this year.

As expected, the road to implementation of the Family Support Act has been bumpy. Officials at the Department of Health and Human Services have done a commendable job despite the absence of an Assistant Secretary for Family Support. The States have contributed enormously to the development of regulations, but some problem areas remain.

It is fitting that this hearing should take place in San Diego, a leading laboratory in the testing of new ideas to help welfare recipients become self-sufficient. One of the remaining problem areas, participation rates, was studied extensively in the San Diego saturation work initiative model. This and other endeavors in San Diego have served us well as we have tried to help welfare recipients become independent and productive citizens.

I look forward to today's testimony, and am pleased we will hear not only from public officials and interest groups, but also from participants in the program.

And let me just say, having spent part of the morning traveling around to some of the GAIN sites, how enormously impressed I am by the work that is being done here. If the rest of the country were within a light year of what you are doing in San Diego, we would have an infinitely better program. So, in a way you are going to be preaching to the converted and we are going to listen to the choir, but we are going to do so happily today.

Our first panel consists of the Honorable Leon Williams, who is the chairman of the San Diego County Board of Supervisors; Dennis Boyle, deputy director, Management Systems and Evaluation Division, Department of Social Services, State of California.

If you would proceed up, Mr. Boyle, and Richard "Jake" Jacobsen, director of Department of Social Services, County of San Diego, who I know is here.

Mr. Williams.

Mr. WILLIAMS. Thank you, Congressman.

Acting Chairman DOWNEY. Thank you. Whomever has arranged all of this, Mr. Jacobsen and to you both, a note of thanks for not only the hospitality, but the gracious setting today. I appreciate all the help.

Mr. WILLIAMS. This is gracious.

Acting Chairman DOWNEY. You should see what we do most of the time.

Mr. WILLIAMS. We complain about it.

Acting Chairman DOWNEY. We take what we can get. Thanks very much, Mr. Williams.

Mr. Williams, if you would proceed.

STATEMENT OF HON. LEON L. WILLIAMS, CHAIRMAN, SAN DIEGO
COUNTY BOARD OF SUPERVISORS

Mr. WILLIAMS. Thank you, Congressman Downey. Mr. Chairman and members of the subcommittee, my name is Leon Williams. I am chairman of the board of supervisors for the beautiful county of San Diego. It is my pleasure to welcome you here to San Diego. I very much appreciate the opportunity to provide testimony on behalf of the county of San Diego regarding the implementation of the Family Support Act of 1988.

San Diego County is very proud of the leadership role we have played in the development of welfare reform programs at both the local and national levels. Since 1979, our pioneering efforts have demonstrated that it is in fact possible to operate cost-effective employment programs for public assistance recipients.

National demonstration projects conducted in San Diego County, such as the Food Stamp Workfare Project, the Employment Preparation Program, and the Saturation Work Initiative Model, proved the value of substantial initial investments in order to achieve significant long-term gains in reducing welfare dependency.

Moreover, evaluations of these projects indicated that Government and taxpayers benefited along with the programs' recipients. To a large extent, San Diego's unprecedented success has led to the establishment of California's Greater Avenues for Independence [GAIN] Program in 1985 and, more recently, the Job Opportunities and Basic Skills [JOBS] Program on the national scale.

Since October 1987, when GAIN was implemented in San Diego County, nearly 30,000 recipients have been enrolled in the program, and more than 18,000 participants have entered employment. Implementing and operating such a large and complex program has been challenging, but has provided us with some valuable lessons. Chief among these is the critical importance of interagency cooperation and coordination.

We are fortunate in San Diego County to have a community of public agencies and educational institutions which share with us a high level of commitment to the philosophy and goals of the GAIN Program. We also share a firm belief that, together, we can overcome bureaucratic obstacles and make GAIN succeed.

Collaborative efforts involving the State Employment Development Department, the Private Industry Council, several high school and community college districts, and the Child Care Resource and Referral Agency and County Department of Social Services [GAIN] staff have provided a unique cooperative utilization of community resources. This partnership is characterized by commitment at the highest levels within each agency and a shared willingness to develop and maintain workable linkages.

We have also experienced a growing recognition of the important role that self-esteem plays in determining both individual and overall success. We are finding ways to include activities which increase self-esteem in every GAIN component. It is only by directly attacking the problem of low self-esteem among welfare recipients that we can assist those individuals to overcome their fear of failure, their hopelessness, and dependency.

Another lesson emerging from our experience with GAIN is the value of prevention programs which provide early, positive interventions in the lives of young welfare recipients. GAIN staff working closely with high school districts and local adolescent parent projects conduct outreach activities and provide a comprehensive range of services for pregnant and parenting teen recipients. Our goal is to encourage teens to stay in or reenter high school, develop strong parenting skills, and to break the cycle of poverty, before it becomes established in their young lives. To date, 406 teen recipients have enrolled in the GAIN teen parent project.

Despite our accomplishments and the valuable experience we have acquired, we must realize that the task of achieving true welfare reform is not yet completed. Much remains to be done in reversing the trend of increasing welfare dependency. The implementation of the JOBS Program has elevated this issue on the Nation's agenda and has extended challenges and opportunities to every level of government.

A primary challenge involves the level of investment we are willing to make in welfare reform to achieve our long-term goals. I really want to emphasize that. That initial, upfront investment. Demonstration projects in San Diego County have validated the direct relationship between program success and funding levels. Because the Federal Government stands to gain the most from successful welfare reform, we must look to the Federal Government for the substantial, upfront investment required to achieve meaningful and lasting reductions in welfare dependency.

And on the side, I might say the Federal Government has more of the dollars, too.

We must also continue to recognize opportunities to refine our national welfare reform efforts. There is still a significant lack of coordination and conformity between programs that serve similar clients, such as AFDC and the Food Stamp Programs. The differences between JOBS and the Food Stamp Employment and Training Program constitute a prime example of this lack of coordination. The overlap between these programs should be eliminated, and their requirements should be parallel. Clients would receive better service, and all levels of government would benefit from administrative savings.

Child care is a critical factor influencing the effectiveness and ultimate success of the JOBS Program throughout the Nation. Studies have shown that child care is a third largest expense for those living below the poverty line. Yet, the development of child care resources lags far behind the rapid increase in demand.

Although we have not yet had to deny GAIN services to a large number of participants due to lack of child care resources, the growing shortage of child care openings in the county may soon restrict our ability to serve everyone we would otherwise serve. The county of San Diego urges Congress to pursue legislation to establish a comprehensive national child care policy which will improve the quality of child care, provide for development of new child care resources, and enhance the accessibility of child care, especially to disadvantaged families.

I want to thank you for the opportunity to make this statement, and I would be happy to, with the aid of this competent staff here, entertain any questions after they have made their presentations.

Acting Chairman DOWNEY. Thank you.

Mr. Boyle.

STATEMENT OF DENNIS J. BOYLE, DEPUTY DIRECTOR, MANAGEMENT SYSTEMS AND EVALUATION DIVISION, DEPARTMENT OF SOCIAL SERVICES, STATE OF CALIFORNIA

Mr. BOYLE. Thank you, Mr. Downey.

My name is Dennis Boyle. I am deputy director with the California State Department of Social Services, and I have been associated with the GAIN Program here in California for quite a number of years now. It is really neat, I think, that you were able to come to California and spend time here, particularly in San Diego, which bore many of the roots of our own GAIN Program.

As you probably learned, we have been at this business for awhile and it is not the kind of program that you can create overnight, getting to the stage that we are in overnight. We have been at it since at least the early 1980's.

The GAIN Program itself began in 1985, a historic legislative compromise of the same proportions that it took to get JOBS out of Congress and approved by the administration.

We have been implementing since 1986. We now are at a point where we have the GAIN Program operating in each and every political subdivision in the State. We have 58 counties, and all of them are operating a GAIN Program. We have gone through many of the same trials and tribulations that HHS is going through right now in implementing throughout the States.

A couple of things I would like to say about that. First of all, we do have a program that in some regards you can already look at as a success. We have some numbers that we can talk about. We have so far registered in excess of 300,000 people for the GAIN Program. And of those 300,000 that we have begun work with, approximately 70,000 have actually gotten jobs. And of the 70,000 that have gotten jobs, we have had more than 20,000 people actually get jobs and leave the welfare roles.

There are many, many other thousands of people whose lives have been touched in a positive way by GAIN, either they or their children. They have had educational achievements. They have been able to help their kids with their homework, that kind of thing. So, we are going to make—we know now that we have already made an intergenerational impact. But it is not quick and it does not come cheap. But we do have some respectable numbers that we can talk about.

Now, one of the things that I look at in managing the GAIN Program in California is not only the gross numbers, but how it affects individuals. So I spend time out wandering around the counties, talking with people who actually operate the program and talking to participants, and that is a very special way of finding out what the effect of some of our key policy decisions have been.

I have laid out a couple of those examples in my written testimony. You might want to take a look at that. I think it is fascinating

to see from the participant's point of view exactly what the effect of our programs are.

In talking about the JOBS Program, implementation of the JOBS Program, I want to preface my comments, which are suggestions for change, with something that I want the Congress to know. And that is, that I have seen something in HHS throughout the implementation so far this year-long effort that I have really been pleased to see. When HHS set out to regulate this program, they went to far greater lengths than I have ever seen before to ask for public comment.

Now, if I had had my way, they would have gone about drafting the regulations differently after having gotten that public comment, maybe involved administrators a little bit more in coming up with their final product. But they did a very credible job in reaching out to advocates and to administrators to attempt to write from other than an ivory tower.

Our own regional office here in California was a major help to us in changing our GAIN Program to match the requirements of the JOB Program as of last July, so that we were one of the first States to begin operating a JOBS Program. It is very easy for bureaucrats to find many, many reasons why you cannot do something. And the thing that I was really happy to see was they attacked problems from a "how do we solve this point of view" as opposed to "how can we not do something, how can we keep from making a decision".

I hope that spirit will continue, and now that we have an assistant secretary in HHS, I hope that we will be able to reexamine some of the problem parts of the regulations and come out with an even better program.

I think of all my concerns with the regulations probably the key one is one that you have already mentioned, and that's the participation rate requirements. Now, we know that it is possible to get large numbers of people, relatively large numbers of people participating in programs like this, but, unfortunately, some of the ways HHS has gone about in defining that participation in the rules is really problematical. Now, I'll mention just two.

On the one hand, they require that before you can count someone as a participant, they have got to be in the program 20 hours a week. Well, it just does not work in a lot of cases. Now, one example. You take someone who is in a junior college program, who is carrying a normally heavy load, in fact, a very heavy load for the kind of population that we deal with of say 15 units, well, that person carrying 15 units and putting in I do not know how many hours of homework each week would not qualify as a participant under the Federal rules.

Not only that, but if they did, we would have to have a tracking system in place which ensured that individual had attended the program at least 75 percent of the time.

Two problems: No. 1, it is written from an ivory tower; not practical in the real world to require 20 hours in each and every case. No. 2, can you imagine the tracking system we would have to have to keep track of each and every student, each and every day? We are going to wind up spending more money on administrative processes than we are on program, something that we want to avoid.

You are here in a good place to look at participation rates. You mentioned the SWIM Program that we had here in San Diego County. That was a project, it was designed by experienced administrators. I mean, there is no one in the State, no one in the Nation more experienced at operating good, solid work and welfare programs than in San Diego County.

SWIM was designed specifically to see how many people we could get continuously participating in a work for welfare program, work and training program. The SWIM Program was relatively simple. It wasn't as complicated as the GAIN Program that we came out with. It was run in a part of the county by experienced people, with tracking systems that they spent a lot of time on and were quite good; much better than what we have in the rest of the State; an ideal attempt to get as many people as possible and know that they are there participating in the program.

Well, that program would not have met the 7 percent requirement for participation laid out in the JOBS law. The JOBS law is not the problem here. It is the way we have defined participation in the rules.

Now, if we have as expert a place as San Diego County with a concerted experimental attempt, whose whole idea was to maximize participation, were not able to make that 7 percent, that means that every State in the Union is not going to be able to qualify, is not going to meet the requirements of the law, and that is a problem. And I think that is there because HHS, in doing the regulatory job, simply does not have the experience to know what is going on. This is admittedly new information for them. The MDRC evaluation has come out, I believe, since the regulations. I hope the assistant secretary is willing to listen.

Another important point: Not only are those participation rates as defined the Feds not obtainable, but they are not important. Because when you look at the results of SWIM, you see a 3-to-1 return for each dollar invested, and that, in any book, is a success.

A couple of other minor points, or not minor points, but perhaps less important. We are going to be driven to distraction and driven to spend a lot of money on the reporting requirements that HHS has laid out for us. Some of them are difficult because they are in the law. For example, the requirement that we spend 55 percent of our money on the targeted population.

Well, it is important that we target our resources. Unfortunately, for us to target by the dollars that we spend on each one is something that is foreign to this system. It can be done, but the administrative processes that we have to put in place, the administrative dollars we have to put in place in order to do that are really quite atrocious. We hope to be working with HHS on tracking and reporting in general, so that we come out with something reasonable.

A minor, relatively minor problem that I want to mention only because it hits hard in a couple of my counties and something that is very successful otherwise, the work supplementation rules that we have in JOBS. The effect of the requirement that we use newly created vacancies only for work supplementation programs has the effect of shutting down the work supplementation program in California. We have one county that over the years has built up a very successful work supplementation program. That's Napa County in

the northern part of the State. They have had very good success with it. Something in excess of 75 percent of their placements in work supplementation go on to become self-sufficient.

The requirement that we use only newly created positions, in the way that requirement is being interpreted, means that we can no longer use work supplementation in Napa County or elsewhere in the State. Very problematical and something we need to revisit in the law. That is not a regulatory problem.

Child care slot development. As the supervisor mentioned, Supervisor Williams, child care is extremely important to the JOBS Program and to the GAIN Program. We are not at the point now where we have large numbers of people who cannot participate because of nonavailability of child care, but we do not ever want to get their either. I can see where, as we get more and more people coming into the program, it can be a bigger and bigger drain on the child care supply.

We need to be able to devote some money to child care slot development. It just does not make any sense to me that HHS would not allow us to spend reasonable amounts of money in this area, and I think that is a regulatory problem as opposed to a problem with the law.

Transitional child care, an important part of the program; something that we have struggled with in GAIN. Up until this point we have been able to allow only a 3-month period for transitional child care. The JOBS law does give us a year, but the regulations have, again, caused what I believe is an unnecessary problem from a mistaken point of view that it is necessary to put safeguards, unusual safeguards on money in this area.

The requirement that we can reimburse, or we can pay child care only to the extent that it is at the 75th percentile or less of the child care rate in that count. Do you understand what that issue?

In putting GAIN together, we worked with our R&R's, our child care providers and advocates throughout the State, and we determined as part of that compromise that it was worthwhile going to the 93d percentile to assure an adequate supply of child care in the State. I see no reason for the Federal regulations to require both that we limit them to the 75th percentile and that we require the participant at that point also to have a shared cost.

It makes sense, I think, to start introducing people to a share of cost, because we eventually want to wean them away from the system. But we should not give them a double whammy and also limit them to the least expensive child care available. It is not to say that we do not want them to get child care that they can reasonably afford, but there is going to be a time in transition. There is going to be a time when that child care simply is not available. It is filled up at the 75th percentile.

Now, our experience has been in California that we have not misused child care. We have consistently overestimated what that need was going to be. So, I do not think it is going to be a huge money problem for us, but it may well be a practical problem as we move on.

One last thing I want to mention. There are people coming behind that are far more qualified to speak to this than I, but child

support. In general, the new requirements laid on us by the JOBS Program are beneficial. Child support is an area which is receiving renewed emphasis in California, both within the administration and certainly within our counties. We have a couple of major initiatives underway.

I think that for the issues that we would take with JOBS, I would like for our county experts to speak to it. The message I want to leave with you is that we take child support seriously in California, and we view that as an important and extremely important adjunct to the idea of moving people into jobs.

I think the surest way to self-support is to have people well educated, move them into jobs. And if they can do that along with child support, that is the quickest way to go.

Thank you very much.

[Statement of Mr. Boyle follows:]

**TESTIMONY OF DENNIS J. BOYLE
DEPARTMENT OF SOCIAL SERVICES, STATE OF CALIFORNIA**

My name is Dennis Boyle, Deputy Director of the State Department of Social Services here in California. Thank you, Representative Downey, for this opportunity to speak before the Human Resources Subcommittee of the Ways and Means Committee on the subject of implementation of the Job Opportunities and Basic Skills Training Program (JOBS), Transitional Child Care, Transitional Medical Care, and Child Support Enforcement provisions of the Family Support Act. We in California are in the midst of our effort to incorporate the JOBS final regulations into our landmark Greater Avenues for Independence Program called GAIN. I'd like to talk about our experience.

GAIN has served 300,000 enrollees since its inception in 1986. During that time, more than 70,000 found jobs. Of these, 20,000 left the welfare roles. The average starting wage has increased from \$5.55 in fiscal year 1987 to \$6.00 in fiscal year 1989. These results indicate that the program is working. But we don't just rely on statistics to come to this conclusion. Sometimes, there is a tendency to become so caught up in numbers that we lose sight of individuals. In order to help provide some individual perspective on GAIN, I have some articles which were written by some of our GAIN participants. Let me read portions of just a few of the articles published in the February 1990 GAIN Student Newspaper of the Los Angeles County School District's adult education division. One participant wrote:

"Before the GAIN Program started, I had very little hope of ever having independence and a positive self-image. I'm a high school dropout with almost no work experience at all. . . I'm grateful for my AFDC, but I'm not proud of it. You don't feel proud when you live on money others have worked for. . . The grant they give you can be both good and bad. . . You get used to what's called 'free money,' while all the time it's taking your pride and dignity. . .

When I received a letter stating it was mandatory for me to participate in GAIN, I was furious. . . they were trying to run my life by taking away my rights to do as I please, the right to do nothing but exist, with no hope or even a dream of a better life. . . However, once I started school I find I enjoy learning. . . Each time I conquer a new academic skill, I become all the more enthused. . . Now I can see a better life for myself in the near future.

Another GAIN participant wrote:

"I always thought of going back to school, but I was afraid. I didn't want to go alone and I felt I couldn't do it. But when GAIN came into my life, it was the push that I needed to get me back to school. I was always at home doing really nothing to change my life. Now I have something to look forward to. I have a future to plan, things to learn, and a life to change."

Finally, another GAIN participant wrote of her experience:

"I am 31 years of age. I have four children and am on welfare. . . I started school when I was eleven. I didn't learn anything by the time I got to 7th and 8th grades. . . The teachers gave me good grades without my even trying because they didn't have time for me. . . So I got married. That wasn't the answer, so I had kids. That wasn't the answer either. So I left my husband because he was so bad with me and the kids. I got on welfare a couple of years later.

Here comes GAIN into my life. I was scared . . . GAIN put me back to school. I was frightened. I cried every day and night. I didn't think I would make it. But I was wrong. The teachers there help me a lot to improve and give me confidence in myself. It's been seven months now, and let me tell you this . . . My life is a lot better now. . . I even help my own children with their homework. I know I am making it in this world. I am going to have a job soon after I finish school. I feel great! Thanks to GAIN for making my future a lot better. I won't disappoint you at all. I love you all.

There are many more articles than I have time to read, but copies of the GAIN newsletter are available for those of you who are interested in seeing more. To me, these words are powerful. The message is that we're doing something fundamentally right with this program. There are some who believe that participation should be completely voluntary. They should ask themselves, honestly, would these people and thousands like them, have had the confidence to take that first step if they were not required to? I believe that many thousands would not. Research data show that employment programs are most effective for people like those I've just quoted who started out with the least amount of hope and would not have participated initially without the requirement to do so. However, once they got involved, they realized that maybe the most important thing GAIN and JOBS have to offer is real hope and a good chance for a better future.

Now, I would like to discuss some of the technical aspects of the JOBS requirements which, we believe, get in the way of serving the people who need GAIN and JOBS services. The following are a few examples of remaining problems with JOBS requirements and, in some instances, the Family Support Act itself.

PARTICIPATION REQUIREMENTS

As I testified on May 25, 1989 before this subcommittee, we have a serious continuing concern about JOBS participation requirements. Actual operating experience from pilot tests of work programs demonstrates that states cannot meet or even approach the JOBS participation requirements in the final regulations. The regulatory detail on participation developed by HHS adds great difficulty and expense to the job of determining participation rates and seems to ensure the inability to achieve even minimal participation rates.

Let me tell you about the experience of our Saturation Work Initiative Model (SWIM) project which was operated here in San Diego as a pilot project for HHS and evaluated by the Manpower Demonstration Research Corporation. Keep in mind that SWIM was operated in only two welfare offices as compared with the logistics and complexities of a statewide operation in a large state. The SWIM methodology for determining participation rates was to count any registrant in job search, training, education or part-time employment if they participated at least one hour sometime during the month. Using this yardstick, SWIM achieved a 55 percent monthly participation rate, the highest ever recorded. In order to achieve this, the county had to try to serve every mandatory recipient in those offices.

It took considerable time and expense to develop a tracking system that would measure participation using this simple, but workable methodology, as well as enormous effort on the part of the SWIM staff to assist folks to participate. However, if you were to apply the regulatory detail of the final JOBS regulations to the SWIM participation standards, I believe that: 1) a workable tracking system could not have even been developed within the two years that SWIM operated; 2) if the tracking system had been developed, the SWIM staff would have spent so much time feeding, correcting, interpreting and struggling with

such a system that they would have had little time left over to help clients; and 3) the 55 percent monthly participation level achieved by SWIM would be reduced below even the seven percent initial standard provided in the Family Support Act.

Does this mean SWIM was unsuccessful? Absolutely not, unless unprecedented employment gains, welfare reductions and a 3:1 favorable cost benefit ratio indicate failure. Also, I believe that the SWIM findings show that the JOBS participation rate standards would be achievable if the criteria for measuring them were to be made more reasonable. I strongly suggest that HHS and Congress take a very close look at the SWIM findings which were issued subsequent to the passage of JOBS. I think there are some valuable lessons to be learned.

In my May testimony, I stated that the 20 hour-per-week participation standard for counting participation was unreasonable and impractical from an administrative standpoint. Although this requirement was changed in the final regulations, I am unable to report sufficient improvement to make the system workable or meaningful. What happened is that, rather than conceding the nonviability of the 20 hour-per-week requirement, the regulation writers converted it to an "average" of 20 hours. This means that in order to count someone participating, say 15 hours-per week, you would have to find someone else whose level of participation is 25 hours and then compute an average of 20 hours each.

Additionally, in order to count even one hour of an individuals JOBS participation, you must verify that the individual attended at least 75 percent of the hours which were scheduled. Otherwise, participation is counted as zero even if the actual hours of attendance exceed 20 hours per week. This was also added in the final regulations.

Let me describe just some of the quirky effects of these new requirements:

- o Tracking is vastly complicated. The tracking system must be able, first to identify, then to match up individuals who are participating less than 20 hours with others participating a corresponding number of hours over 20 hours. This represents a technical challenge of the first magnitude, especially when you consider the added difficulty of tracking whether the participant attended at least 75 percent of the time scheduled.
- o One new clause added to the final regulations which I have not mentioned is that time spent on homework for an educational activity does not count as participation. The upshot is that a junior college student in a vocational course carrying a very full load of 18 hours per week of classes with another eight hours of homework would be a nonparticipant in JOBS as far as OFA is concerned.
- o In addition, there would be a very negative impact on participants as a result of these rules. First, there is so much paperwork and other administrative minutia which would be required of JOBS case managers that they would have little time left to assist clients. This would probably lead to increased sanctions since there would not be time available to otherwise resolve participation problems. Second, clients would be bogged down with additional complexity, paperwork, providing verifications and other nonproductive activities. Third, states would be forced to rely on components which provide the highest hours-of-participation in relation to cost, rather than assigning participants to those components which would be of more value but provide fewer hours. As you can see by my junior college example, it would be difficult, if not

impossible, to find an educational component which could meet the twenty hours-per-week requirement. Finally, there would be a tendency to shy away from providing services to the most disadvantaged and difficult-to-serve who make up the JOBS target population, because there just wouldn't be the time available to work with them. Getting them to participate 75 percent of the time will be very difficult.

I don't want to simply criticize without offering a viable solution, so please let me discuss a couple of options worthy of consideration. The most obvious would be the criteria used in the SWIM project which I discussed earlier. That would be to count participation each month based on the number of participants whose participation in a JOBS activity has been verified sometime during the month. The principal advantage would be that this method has been documented and proven in a successful pilot project to be feasible and practical. Another more stringent method would be to conduct a monthly point-in-time count. Let me explain. This means that on a given day each month, all clients' whose actual participation has been verified would be tallied on the basis of a head count which could be electronically tracked. Although some individuals who had participated only a short time during the month would be counted, this would be balanced out by the fact that others who had participated for longer periods, but whose participation ceased prior to the day of the head count, would not be included in the participant count. The chief advantages of these two options over the method set forth in the final regulations are that they are doable, accurate and reasonable. The HHS methodology seems to presuppose that states cannot be trusted, and that therefore numerous conditions, limitations and qualifiers are necessary to define participation. The result is not workable. We suggest that a simpler, less elaborate methodology be used, for example, one of the two options we have proposed. The results could then be monitored for accuracy. It is the design of the program that ensures meaningful participation, and that is where HHS' and Congress' attention should be directed.

TRACKING AND REPORTING REQUIREMENTS

In my comments the first time before this committee, I stated that the proposed tracking and reporting requirements were burdensome and unmanageable, at that time requiring a sample of thousands of JOBS cases per month. I am pleased to report that the final regulations reduced that sample size to 1200 per year, a very significant improvement. However, at the same time, OFA has issued two JOBS Action Transmittals dated January 31, and February 6, 1990 respectively transmitting interim JOBS reporting requirements. They are effective October 1, 1989. Besides the obvious impossibility of retroactive implementation of these requirements they are extremely detailed and burdensome. In fact, optimistically, it will take us a minimum of two years simply for development and installation. Before the end of the two-year period, we are told, the final requirements would be issued, thus obsoleting the interim system. Meanwhile, an enormous investment in time and other resources will be wasted.

In addition to the issue of interim reporting, we recommend that Congress take another look at the Family Support Act reporting requirements in terms of the amount of detail and the appropriateness of data requirements. One requirement which comes to mind is to report JOBS participation by family. This is not easy to do, and we do not see the value since it is individuals, not families, who participate in the program. Therefore, the requirement could be easily eliminated with no repercussions. Another example is the enormous detail required for child care reporting with regard to type of care, separating care for those with and without income and the length of time assistance is provided. This type of data is more properly gathered in a periodic survey format rather than individually on an ongoing basis. It is not essential for OFA to have this information to manage the program.

TARGET POPULATION

It is a correct and laudatory goal of the Family Support Act to target scarce JOBS resources towards the most disadvantaged groups receiving AFDC benefits. On this point, JOBS and GAIN are totally in "sync." However, the methodology in the final regulations for tracking this result is, I believe, flawed. The regulations and the Act require that 55 percent of JOBS funds be spent on the target population as defined in the Act. The procedure, as described in the regulations for tracking this, however, is too complicated, and fails to capture the whole picture.

The states are to track all participants and their components. Then, based on IV-A agency expenditures, the costs of the components are determined and the data combined to compute a cost-per-participant. The problems are that the procedures are too complex on the one hand, while on the other, they don't capture the major expenditures from community resources for JOBS participants. We are not suggesting that community resources be tracked by participant because of the increased complexity this would entail, and we don't think it's doable in any event.

Our recommendation is to identify the number of JOBS participants who are members of the target population and those who are not. The target population requirement would be met if 55 percent of the participants were target population members. This method would not be perfect, but it would be simple, doable, and therefore more accurate than the method in the final regulations.

WORK SUPPLEMENTATION

The final federal regulations as well as the Family Support Act restrict the placement of Work Supplementation Program participants to only "new" positions in a company or agency. The effect of this provision is to solve a problem that doesn't exist, at least not in California, and in so doing, to prevent us from using this very useful placement tool. This happens because companies are saddled with an unrealistic requirement to create jobs which cannot be sustained given real-world economic conditions. The result is to unfairly deny job opportunities to JOBS participants which are otherwise available to other unemployed individuals in the community. This just doesn't make sense.

In the GAIN Program, the company must make a reasonable written commitment to retain WSP participants in their supplemented jobs after the component ends. This provision, in combination with a restriction not to displace existing workers, does away with the need to restrict placements to new positions. We recommend that Congress take another look at this provision as it pertains to the Work Supplementation Program and consider California's alternative policy as providing the needed protection to workers without destroying the viability of a potentially very valuable JOBS component.

WAIVER AUTHORITY

We recommend that Congress consider providing OFA with broader waiver authority in order to pilot alternative employment strategies for JOBS. JOBS may not be the perfect employment program in every particular and therefore, it would be advisable to continue to allow alternative policies and procedures, at least on a limited scale. This is not to advocate that waivers be granted on a wholesale basis. However, some additional waiver authority would be prudent.

Statewide evaluations of programs would be sufficient to determine the effectiveness of minor procedural changes without requiring miniscule evaluations of procedures or changes that really aren't appropriate to evaluate in the true sense of the word. Currently, the only avenue for waivers is the 1115 waiver process which assumes the pilots are so significant that an extensive evaluation is appropriate. The net effect is to discourage states from seeking changes to unworkable regulations.

CHILD CARE SLOT DEVELOPMENT

JOBS created a need to develop millions of new child care slots to provide child care for JOBS participants. In fact, states must guarantee child care for JOBS participants. Why, then, are states forbidden in the JOBS regulations from using JOBS funds for child care slot development. I do not have an answer, nor do I know a way to develop millions of new child care slots at no cost. Therefore, it is my recommendation that the restriction in the final regulations against using JOBS funds for child care slot development be eliminated.

TRANSITIONAL CHILD CARE/TRANSITIONAL MEDICAL BENEFITS

I wish to commend the Congress for recognizing in the Family Support Act the importance of transitional benefits for families that successfully break the cycle of welfare dependency and leave AFDC due to employment. Transitional benefits are the logical extension of the training and educational investment that has been made under JOBS. Prior to the Family Support Act, California had a state-funded three-month Transitional Child Care (TCC) program for former GAIN participants. State legislation is pending to replace the state program with the new federal program. I expect state legislation and regulations to be in place to start the program on April 1, 1990.

The most contested issue in the implementation of the federal TCC program has been the ceiling on reimbursements. The shortage of quality child care is a national concern and an acute problem in California. Former AFDC recipients must compete for child care in a market where demand exceeds supply. The entire work force is competing for low-cost child care. For this reason, when the GAIN program was enacted, a reimbursement ceiling of 1.5 standard deviations above the mean (which is approximately the 93rd percentile) was agreed upon through a bipartisan effort. This limit provides safeguards against extremes in child care costs while providing the ability to reimburse reasonable costs. Child care advocates strongly believe that a 75th percentile ceiling will drive some families back to welfare due to an inability to find child care under the ceiling level. I believe that no family would purposely choose a high cost provider unless adequate care was unavailable at a lower rate; families are well aware that they must assume the entire cost when their benefits are exhausted. Therefore, as the Family Support Act does not dictate the reimbursement ceiling, I strongly urge that states be allowed the flexibility of determining an appropriate ceiling based on the realities of their local child care markets.

California will also implement the Transitional Medi-Cal Program in accordance with the requirements in Family Support Act. Conflicts between requirements in Transitional Child Care and Transitional Medicaid are a significant problem for California. While the Transitional Child Care law and final rules are generally flexible about most requirements, the Transitional Medicaid rules are very detailed. For example, in TCC there is no mention of reporting requirements. However, in Transitional Medicaid, families must report on income from the first three months and must submit this information by the 21st day of the fourth month of the eligibility period. We question the need to be more restrictive in Transitional Medicaid. I strongly urge that a task group be formed with representatives from Health Care Finance Administration, the Family Support Administration and States to resolve regulatory conflicts between the programs to the extent possible and recommend changes to Congress to resolve conflicts in the law.

CHILD SUPPORT ENFORCEMENT

Significant improvements to the Child Support Enforcement Program will be realized as the requirements of the Family Support Act are implemented by states. The new provisions encourage states to provide better and more timely services to needy families, and will also result in increased child support collections and greater recoupment of welfare grants.

While we applaud the benefits of the child support provisions; in our judgment, other provisions present administrative obstacles to successful implementation. Many of the new requirements will be extremely costly to implement, including: periodically reviewing and adjusting child support awards; time limits for responding to requests for service; prompt distribution of child support collections; statewide automation of the program; and collection of Social Security Numbers. While we support all of these changes, we urge Congress to acknowledge the costs and increased staffing which will be necessary to revise and implement computer systems. Because of these additional costs, it will become increasingly difficult for states to maintain or improve their current collection-to-cost ratios. We believe that the whole concept of collection-to-cost ratios is in conflict with the expansion of states' efforts mandated by the Family Support Act. Since many of the requirements have no direct correlation with increasing collections, these ratios discourage states from full implementation of the Act. We urge Congress to either eliminate the concept of collection-to-cost ratios as an incentive formula or, at least, exclude nonrevenue generating requirements from the ratios. At the minimum, Congress should consider elimination of minimum levels for states to qualify for federal incentives.

Second, in light of the requirement that states have a fully operational automated child support system by 1995, we continue to recommend that certain requirements of the Act be phased in and subject to audit only once a state's automated system is in place. Not all states currently have automated capability. Therefore, provisions which require automation for successful, cost effective implementation, such as time limits for distributing collections and certain case processing functions, should be gradually phased in for states with manual operations, with full implementation accomplished in conjunction with statewide automation of the program.

There is also a concern with the downward modification of child support orders. It is not clear whether this was actually intended by Congress. Our concern is with representation of both the custodial and noncustodial parents by the IV-D agency, thus causing a conflict of interest. We recommend that Congress clarify this provision and, if representation of the noncustodial parent was intended, we urge that Federal law clearly state that the IV-D agency is acting for the public good and not personally representing either party.

We are also concerned with the Family Support Act provisions relating to child support guidelines. The Office of Child Support Enforcement is holding States accountable for these provisions prior to that office's promulgation of regulations. This presents a paradox. Therefore, we urge that states not be held accountable for the provisions regarding federal child support guidelines until sufficient time has passed after release of the federal regulations for states to take whatever steps are necessary to comply.

Finally, we believe that any provision which requires significant system or staffing changes should not be immediately subject to audit. States must have the opportunity to adjust and fine tune any new system and provide adequate training for new staff prior to a requirement being audited. Audit sanctions only exacerbate implementation problems. We want to provide timely, quality services to families and ask you to help us make that possible.

I offer these comments in a spirit of cooperation. Thank you for this opportunity to testify.

Acting Chairman DOWNEY. Thank you, Mr. Boyle.
Mr. Jacobsen.

**STATEMENT OF RICHARD W. JACOBSEN, JR., DIRECTOR,
DEPARTMENT OF SOCIAL SERVICES, COUNTY OF SAN DIEGO**

Mr. JACOBSEN. Thank you, Mr. Chairman and members of the subcommittee. My name is Richard Jacobsen. I am the director of the county's department of social services. I want to welcome you to San Diego County and to thank you for this opportunity to provide testimony on behalf of the county and the department of social services.

As I mentioned to you earlier this morning, the department of social services is the largest department in the county. This year we will be responsible for spending a little over \$1 billion. Unfortunately, that represents the approximate amount of the combined budgets of all 18 cities within the region, including the city of San Diego, which is the second largest city in the State of California, and the sixth largest in the United States. Social services is big business. We serve 1 out of every 11 residents in San Diego County.

As Supervisor Williams mentioned earlier, the county of San Diego can be proud of its history of leadership in the area of welfare reform over the past decade. With the implementation of GAIN and, more recently, JOBS in California, the county has remained in the forefront by establishing the broadest possible base of cooperative relationships with partner agencies and institutions, and by aggressively pursuing innovative strategies for effective service delivery.

In just over 2 years of operation, San Diego's GAIN program has achieved an exceptional record of accomplishments and has had a significant impact on the county's employable AFDC population: 29,952 participants have been oriented and enrolled in the program; 5,916 participants have been enrolled in GAIN learning centers. Of these, 1,826 have achieved their educational goals: 725 obtained a high school diploma or a GED, 995 obtained basic skills, and 106 completed English as a second language class; 8,527 participants have received GAIN job search services and are better able now to compete in the labor market; 2,510 participants have completed assessment prior to moving into vocational training, on-the-job training, work experience or additional education; 416 parents have enrolled in the Teen Parent Project to seek a high school diploma in response to our special outreach efforts to enroll them as volunteers prior to the implementation of jobs; and 18,321 participants have entered either full-time or part-time employment at an average starting salary of \$5.87 per hour and have generated more than \$6 million in AFDC grant savings at a cost to the State of California of \$45 million. That will only get better over time.

As Mr. Boyle mentioned, the SWIM Program had a 3-to-1 return on investment. The earlier preparation program had a \$2.47 per dollar return on investment.

Our decade of experience operating employment programs for welfare recipients has helped us identify and test effective strategies for reaching those most in need of services and find ways to

serve those who would not otherwise benefit without specially targeted and tailored efforts.

Specific examples of such efforts in San Diego include the following:

Self-esteem enhancing modules, as Mr. Williams mentioned, have been established throughout all GAIN activities. Starting from the first day of contact with the program, each participant is treated with respect and encounters a sequence of events specially designed to reinforce and sustain self-esteem. Early indications indicated such positive results as improved show rates and attendance rates as well as improved early attitudes about mandatory participation.

The GAIN learning center model is a result of intensive cooperative efforts of the local JTPA administrator, local school districts and county GAIN staff. The model features state-of-the-art computer-assisted instruction, individualized education plans and off-campus store front locations to help participants overcome the potentially negative image of being forced to go back to school.

Psychometric testing and specialized services for participants with learning disabilities are also provided. The model has proven successful, with many participants achieving their educational goals in as little as half the time they would spend in the traditional classroom setting. Moreover, the GAIN learning center model was honored by the National Association of Counties presentation of a 1989 Achievement Award.

San Diego's GAIN teen parent project has taken on the challenge of providing effective early interventions among pregnant and parenting teen recipients. Studies have shown that without help, these young parents are unlikely to complete high school, and tend to become long-term welfare recipients.

The teen parent project intervenes by networking with school districts to arrange curricula that will allow teens to return and complete high school. GAIN teen specialists conduct outreach activities and orientations, develop child care plans, provide for transportation and ancillary needs, and conduct peer support groups to help teens acquire life skills and consumer education.

We have also recognized a need to reach out to the children of our adult participants in an effort to break the cycle of multigenerational dependency. Several special projects have been initiated to address this issue, including:

Parent involvement projects: This project is designed to motivate GAIN participants to be more involved in their child's school and education and to teach them to communicate effectively with school personnel.

Family resource network, a proposed piece of legislation designed to provide education and child development and parenting for parents of AFDC unborns up to the age of 3. We presently have 2,200 unborn AFDC households. Based on the premise that the parents are the first and most influential teachers for their children, the program will provide training and support services which will encourage parents to become involved and stay involved in the education of their children. This is modeled after the highly successful Parents as Teachers Program developed by the State of Missouri in 1981.

New beginnings: This project involves the county, the city of San Diego, the San Diego Community College District, and the San Diego Unified School District in a collaborative effort to improve services, develop new methods of responding to client/community needs, and to work together to change policies and institutions that may be barriers to services. A midcity elementary school is the focus of this pilot project. We hope to have the initial results available in May.

As I indicated to you earlier, one of the things that we already have received tentative approval from the U.S. Department of Agriculture for those welfare recipients is to determine their eligibility for the free and reduced lunch program which will save the schools many thousands of dollars a year.

These examples of innovative and successful service delivery strategies underscore the critical importance of interagency cooperation. Collaboration among public agencies has shifted from being a "nice to do" to a "must do" priority. In the face of ever-increasing demand for solutions to the problems facing today's disadvantaged families, no single agency can operate alone and also be successful in reducing the negative impacts of poverty, ignorance and despair.

The clients we serve, the problems we must overcome, and those resources we must draw from all overlap and, in many cases, are directly shared. What is required is an integrated collaboration involving multiple agencies which will produce a more comprehensive service delivery system. Such a system can set cooperative priorities, share information, avoid duplication, and provide an appropriate and effective mix of services at the right places and at the right times. We want to encourage similar collaborative activities at the Federal level.

With the implementation of the Federal JOBS Program, every State in the country is facing a common challenge to get the program up and running and to keep it running. Critical to this process is the program's funding level. Will JOBS be funded at sufficient levels for a sufficient period of time to have a fair and reasonable chance to prove itself worthy of continued public support?

Because the program is not fully funded in California or, therefore, in San Diego County, we are forced to reduce service levels and will be unable to enroll large numbers of the newly mandated recipient population. This group, which includes single parents with children ages 3 to 5, will be phased in over time as funding levels permit. However, our experience in serving this unique group of JOBS participants is and will remain limited without funding increases.

Evaluations of the programs are likely to focus solely on the quantitative outcomes and the cost benefit analysis. Did caseloads decrease? Did the program produce more savings than it cost? Such measures will not measure the totality of the impact of JOBS on the recipient population.

Of equal significance are the intangible benefits and impacts on individual lives and families which result from this major investment in human capital. Decisions about the future of JOBS must take into account not just the dollar impact, but the immeasurable positive impacts on the lives of participants who, because of their

experience in the program, feel better about themselves and their futures, provide a more positive role model for their children, and are several steps closer to their goal of self-sufficiency. Given the opportunity, the JOBS program, like GAIN in San Diego, can be demonstrated to be an effective and worthwhile investment and a productive tool for reducing welfare dependency.

I would only like to echo Mr. Boyle's comments concerning the data collection system. That is going to prove to be extremely costly. I do not think that the information they want is going to help them manage the program. Certainly at the local level and the State level, it is not going to be of very much help.

Finally, I very much appreciate this opportunity to address the subcommittee and to provide San Diego County's perspective on the implementation of the Family Support Act of 1988. I hope that you enjoyed your tour this morning and that you will pay us a return visit. If you have any questions or comments, we would be happy to respond at this time.

Thank you.

[Statement of Mr. Jacobsen follows:]

STATEMENT OF RICHARD W. JACOBSEN, JR.
DEPARTMENT OF SOCIAL SERVICES, SAN DIEGO, CALIFORNIA

Mr. Chairman, members of the Subcommittee, my name is Richard Jacobsen. I am the Director of the Department of Social Services for the County of San Diego. I want to welcome you to San Diego County and to thank you for this opportunity to provide testimony on behalf of the County and the Department of Social Services.

As Supervisor Williams mentioned earlier, the County of San Diego can be proud of its history of leadership in the area of welfare reform over the past decade. With the implementation of GAIN and, more recently, JOBS in California, the County has remained in the forefront by establishing the broadest possible base of cooperative relationships with partner agencies and institutions, and by aggressively pursuing innovative strategies for effective service delivery.

In just over two years of operation, San Diego's GAIN program has achieved an exceptional record of accomplishments and has had significant impacts on the County's employable AFDC population.

- . 29,952 participants have been oriented and enrolled into the program.
- . 5,916 participants have enrolled in GAIN Learning Centers. Of these, 1,826 have achieved their educational goals: 725 obtained a high school diploma or a GED, 995 obtained basic skills, and 106 completed English as a Second Language.
- . 8,527 participants have received GAIN Job Search Services and are better prepared to compete in the labor market.
- . 2,510 participants have completed Assessment prior to moving into vocational training, On-The-Job Training, work experience or additional education.
- . 406 teen parents have enrolled in the Teen Parent Project to seek a high school diploma in response to our special outreach efforts to enroll them as volunteers prior to the implementation of JOBS.
- . 18,321 participants have entered either full-time or part-time employment at an average starting wage of \$5.87 per hour and have generated more than \$46 million in AFDC grant savings.

Our decade of experience operating employment programs for welfare recipients has helped us identify and test effective strategies for reaching those most in need of services and to find ways to serve those who wouldn't otherwise benefit without specially targeted and tailored efforts. Specific examples of such efforts in San Diego include the following:

- . Self-esteem enhancing modules have been established throughout all GAIN activities. Starting from the first day of contact with the program, each participant is treated with respect and encounters a sequence of events specially designed to reinforce and sustain self-esteem. Early indications include such positive results as improved show rates and attendance rates as well as improved early attitudes about mandatory participation.
- . The GAIN Learning Center Model is the result of intensive cooperative efforts of the local JTPA administrator, local school districts and county GAIN staff. The model features state-of-the-art computer assisted instruction, individualized education plans, and off campus, "store front" locations to help participants overcome the potentially negative image of being forced to "go back to school". Psychometric testing and specialized services for participants with learning disabilities are also provided. The model has proven successful, with many participants achieving their education goals in as little as half the time they would spend in traditional classroom setting. Moreover, the GAIN Learning Center Model was honored by the National Association of Counties presentation of a 1989 Achievement Award.

San Diego's GAIN Teen Parent Project has taken on the challenge of providing effective early interventions among pregnant and parenting teen recipients. Studies have shown that without help, these young parents are unlikely to complete high school, and tend to become long-term welfare recipients. The Teen Parent Project intervenes by networking with school districts to arrange curricula that will allow teens to return and complete high school. GAIN Teen Specialists conduct outreach activities and orientations, develop child care plans, provide for transportation and ancillary needs, and conduct peer support groups to help teens acquire life skills and consumer education.

We have also recognized a need to reach out to the children of our adult participants in an effort to break the cycle of multi-generational dependency. Several special projects have been initiated to address this issue, including:

- Parent Involvement Project - designed to motivate GAIN participants to be more involved in their child's school and education and to teach them to communicate effectively with school personnel.
- Family Resource Network - proposed legislation designed to provide education in child development and parenting for parents of AFDC unborns up to age three. Based on the premise that parents are the first and most influential teachers for their children, the program provides training and support services which will encourage parents to become involved and stay involved in the education of their children.
- New Beginnings - involves the County, the City of San Diego, the San Diego Community College District and the San Diego Unified School District in a collaborative effort to improve services, develop new methods of responding to client/community needs, and to work together to change policies and institutions that may be barriers to services. A mid-city elementary school is the focus for a pilot project.

These examples of innovative and successful service delivery strategies underscore the critical importance of interagency cooperation. Collaboration among public agencies has shifted from being a "nice to do" to a "must do" priority. In the face of the ever-increasing demand for solutions to the problems facing today's disadvantaged families, no single agency can operate alone and separately and also be successful in reducing the negative impacts of poverty, ignorance and despair. The clients we serve, the problems we must overcome, and the resources we must draw from all overlap and, in many cases, are directly shared. What is required is an integrated collaboration involving multiple agencies which will produce a more comprehensive service delivery system. Such a system can set cooperative priorities, share information, avoid duplication, and provide an appropriate and effective mix of services at the right places and at the right times. We want to encourage similar collaborative activities at the Federal level.

With the implementation of the federal JOBS program, every state in the country is facing a common challenge to get the program up and running and to keep it running. Critical to this process is the program's funding level. Will JOBS be funded at sufficient levels for a sufficient period of time to have a fair and reasonable chance to prove itself worthy of continued public support? Because the program is not fully funded in California or, therefore, in San Diego County, we are forced to reduce service levels and will be unable to enroll large numbers of the newly mandatory recipient population. This group, which includes single parents with children ages three to five, will be phased in over time as funding levels permit. However, our experience in serving this unique group of JOBS participants is and will remain limited without funding increases.

Evaluations of the program are likely to focus solely on quantitative outcomes and cost benefit analysis. Did caseloads decrease? Did the program produce more savings than it cost? Such measures will not measure the totality of the impact of JOBS on the recipient population.

Of equal significance are the intangible benefits and impacts on individual lives and families which result from this major investment in human capital. Decisions about the future of JOBS must take into account not just the dollar impact, but the immeasurable positive impacts on the lives of participants who, because of their experience in the program, feel better about themselves and their futures, provide a more positive role model for their children, and are several steps closer to their goal of self-sufficiency. Given the opportunity, the JOBS program, like GAIN in San Diego, can be demonstrated to be an effective and worthwhile investment and a productive tool for reducing welfare dependency.

I very much appreciate this opportunity to address the Subcommittee and to provide San Diego County's perspective on implementation of the Family Support Act of 1988. At this time I would be happy to respond to any questions from the Subcommittee members.

Acting Chairman DOWNEY. Thank you, Mr. Jacobsen.

Mr. Boyle and Mr. Williams, let me just point out that a lot of the junk that was added to the JOBS Program and the Family Support Act was the price of getting it passed, and I thought the participation rates and the reporting requirements, when we put them in the law, were stupid. The fact that you are telling me now they are counterproductive is as big a surprise as the Sun rising in the East.

The problem is that getting them out is going to be an enormous political task, because we operate in Washington more on mythology about welfare than we do on reality. And while that is not true of Mrs. Johnson or myself, I believe in this instance, it is true of our colleagues who do not make this a full-time occupation.

What we need from you—and before I put some questions to you—is for you to communicate with Dr. Sullivan about this so that we can possibly get the administration focused on the fact that these requirements are just simply counterproductive; that they have nothing to do with making the law successful. They have to do with the impressions that people have about how welfare should work.

Yes, Mr. Boyle, you want to say something on that?

Mr. BOYLE. Thank you, Mr. Downey.

Yes, sir, we have been in communication with Dr. Sullivan. We intend to work with the administration more in the future. Our county welfare's association has also been in contact with him. What I want you to come away from this with is that——

Acting Chairman DOWNEY. Could you just take those cups down, Mr. Boyle? Thank you.

Mr. BOYLE. The law is workable. I mean, we can live with the participation rates as laid out in the law. What was a big surprise to us, to me, was the unworkable way they came out in regulations. That is wholly within the control of the administration, and I would hope that they are willing to work with us on this.

Acting Chairman DOWNEY. Would you just go over for Mrs. Johnson, because she was out of the room for a minute, the child care, the 75-percent level versus your 93-percent level? Would you explain that in a little more detail? I am not sure that I, when I shook my head I knew them, I am not sure I did. So, if you would go over that, I would appreciate it.

Mr. BOYLE. Mrs. Johnson, we have recognized from the very outset in the GAIN Program the importance of child care to a successful program. We approached this from a couple of angles.

First of all, we made sure that we had lots of money, plenty of money within our budget to take care of reasonable child care. We did not want to have large numbers of people not able to participate in GAIN because we could not pay for it. So, we made sure there was an adequate budget there, again, for reasonable child care.

And then we put in our law a requirement that we investigate the cost of child care throughout the State, and we set reasonable limits within each county on what the maximum amount of child care was that we were going to pay.

Now, in California, we, through the legislative process, agreed that we would not reimburse people for money spent on child care

above the 93d percentile, and that means that 93 percent of the rates in a given county would be eligible for reimbursement.

Now, we see the transitional child care part of JOBS is, in some regards, a major improvement over what we were able to do in GAIN. In GAIN, since this was entirely funded at the State's expense, we were able to afford a 3-month period of child care at that rate. The JOBS Program lengthens that period for transitional child care to a full year, but then the regulations do two things, neither of which are in law. I think neither of which are in law that are really problematical for us.

No. 1, there is a share cost required on the part of the participant. Now, that is not a problem. That is a reasonable thing to do. We need to be able to take people who have been fully supported by the system, and during that year of transition, whatever that transitional period is, we need to be able to slowly work them away from that dependence and get them to be self-sufficient. So, it is reasonable to have a share of cost, maybe even a sliding share of cost. Greater at the beginning and less—or less at the beginning and greater at the end.

But then the Federal rules also require us now to limit the kind of child care that we will reimburse to the 75th percentile. Now, that is a very technical thing that comes about as a result of one of these surveys I was talking about.

The effect of it is to really drastically limit child care options, and it is going to mean that there are an increasing number of people who are not able to get child care under the program.

Now, we recognize in California that we need to be fiscally prudent about how we spend our money. One of the things, one of the lessons that we have learned, however, is that things are not always black and white. You cannot always say that in each and every case somebody is going to find child care at the 75th percentile. Maybe for a temporary period during this year of transition it is worth spending a little extra money.

Even we, even I, in things that I do when I put together my own budget, sometimes for a short period of time because of the lack of availability of the service that I want, I need to pay a little more than I want to. In this welfare program, this JOBS Program does not need to be any different than that.

Acting Chairman DOWNEY. Thank you for that explanation.

Mr. Williams, you said that the critical importance of this program, the GAIN Program, was interagency cooperation. How is that done? Did the political structure lean on the bureaucratic structure to make sure that occurred?

Mr. WILLIAMS. Well, we participated significantly. But, in large part, the initiative came from Mr. Jacobsen. He is really dynamic and went out there and said to people, you know, we just have to do this. This is important. Our society is losing. It is losing people it cannot afford to lose. It is incurring costs, the justice system, the welfare system and every place else, that we should not be incurring if we can make our respective institutions do what it is that we are set up to do in the first place. And the only way we can do that is to cooperate and get rid of some of the bureaucratic attitudes that have been controlling us for too long and people began to respond.

And, of course, we have been—political people have been helping with that significantly.

Acting Chairman DOWNEY. Mr. Jacobsen, what sort of resistance did you receive to doing this?

Mr. JACOBSEN. Well, I think Mr. Williams, first, has been a little shy. The politicians in 1981 gave us a clear mandate in the formation of the department of social services to get involved in employment programs and other things. And it was only because of the fact that the five members of the board of supervisors actively supported this activity in both Washington and Sacramento that we were fortunate to be in this position, and it was a bipartisan effort on behalf of the board. It was not a Republican or a Democratic issue.

From our vantage point, we have been very fortunate. All we have had to do is ask. And when we have asked, the agencies have come together and have been willing to provide staff to work on development of ideas and to go forth. And with the passage of the GAIN legislation, we expanded the triplets of State EDD and the PIC-RETC to include the child resource people as well as the community colleges and the high school district, and they have been just fantastic.

But as I think Mr. Williams' testimony and mine indicated, these programs will not be successful if we stay within our welfare logic box. We have got to step outside and recognize that we are not the experts on delivering educational services. We are not the experts on child care. We are not the experts on training. We are pretty good at determining eligibility and to doing case management of these programs, but it really takes a team effort on behalf of all the participants to make this thing work, both in the public as well as the private sector.

Acting Chairman DOWNEY. And this notion of treating the recipients well and with dignity and trying to inculcate a sense of self-esteem as opposed to looking at them as some group of people who want to cheat the Government or fleece the Government for money, was that your inspiration as well, or was that the collective idea of the supervisors and yours?

Mr. JACOBSEN. Well, I think it was a collective idea. We would go one step further, although it is not coming as fast, sometimes the director of the department does not really have total control over everything, we would like to refer to them as customers. Most people do not think of welfare recipients in terms of customers, but when you recognize the fact that they really carry the brunt of the responsibility towards gaining self-sufficiency, and if we consider them to be clients or recipients, I think we—it is like being a lawyer. Your client come to you, tells you everything that is wrong, and then they take your case and do all the advocacy before the court.

And the GAIN Program, as you saw this morning, it is really a responsibility of the customer to take the brunt; to learn what we can teach them, to improve their self-esteem, to treat them as if they do have a sense of self-worth and can be socially productive, but they are the ones that have to pick up the phone and make the cold calls. They are going to be the ones that are going to have to

go the training programs. They are the ones that are going to have to carry out the responsibilities.

And if we do not do that, we are making a big mistake with this population and further subjecting them to multigenerational welfare dependence.

As I indicated to you in the car, we are the largest area in the country to cash food stamps out. A lot of people have accused us and say we are just giving money away. They are going to spend it on drugs, alcohol, what have you. But the reality of it is, is that if we did a good job of determining eligibility of these people in the first place, they are there because they meet the Federal and State requirements for that eligibility.

Number 2, if, in fact, we are promoting self-esteem, self-worth in these programs like JOBS and GAIN, then we cannot be giving them a mixed message by turning them around and saying, yes, we trust you but we do not trust you with your food dollar and, therefore, we want you to take these coupons and lower your sense of self-worth and self-esteem. And, quite frankly, the markets in this area, just as another point, love the fact that we have gotten them out of the business of having to account for those things and the slow down in going through the lines.

Acting Chairman DOWNEY. Last question.

Mr. WILLIAMS. Could I just say a couple of little things?

Acting Chairman DOWNEY. Please.

Mr. WILLIAMS. And I do not want to stop you from asking your question, but my early—right after college graduation, I was a social worker and a supervising social worker for about 5 years. And in all of that time encountering thousands of people, I never found one person who took joy in being a welfare recipient. So, that is a myth as far as I am concerned that does not really exist in the minds of the recipients.

The other thing I wanted to say is that we did—it did take quite a lot of effort, political effort here in the State to get the legislation through in the first place, because there was a lot of suspicion in Sacramento that the program was intended to be kind of a get even with the welfare recipient for being a recipient, was punitive, they thought punitive. So, we had to sell the notion that it was, in fact, a constructive program, and this is what I meant by the department of social services really proving that it could be positive and that it could be constructive and it could build people rather than humiliate them.

Acting Chairman DOWNEY. Well, as I said at the outset, you have a very receptive person in me and probably Mrs. Johnson in this as well. I want to ask one last question about the initial upfront investment which you talked about, Supervisor Williams.

Can you go over that, or can you illuminate what this initial investment was to make GAIN operate? Was that the purchase of computers, the selecting of sites that we saw this afternoon and this morning?

Mr. WILLIAMS. Yes. We are talking about that kind of thing as well as the child care, to really provide the support and give the person the time to grow. One of my concerns initially when we started this program in California was that there would not be enough time, there would not be enough support, there would not

be, if a person wanted to become a nurse practitioner, there would have to be all the support there and actually give them time to do it so that they could, in fact, achieve something rather than just making it a partial and then leave them incomplete and able to finish the job.

Acting Chairman DOWNEY. Let me just say that it is my hope that as you continue to watch the development of the JOBS program, that you will communicate with our committee and with us directly about what you think needs to be improved, and what does not need to be improved, and we will be happy to try and help you with it. I do not like this idea of a waiver, but I can see from your perspective that dealing with your parents as teachers or the program you mentioned to me that given limited resources, that it is an important preventative measure. Maybe we can find ways to get you some more money so that you do not need the waiver and the process of doing it, because it makes eminent good sense to do what you are suggesting to do without having to punish people who are already poor. That does not make any sense to me. But as I said, I am very, very pleased with what we have seen. And as I said before, if we could get this around the country, we would have a very different problem with welfare.

Mrs. Johnson.

Mrs. JOHNSON. Thank you.

I just want to clarify my understanding on a few points.

Mr. Jacobsen, as I understand your comments, your department is directly responsible for eligibility determinations and the case management oversight, and you contract with educational and social service agencies at both the State and local level and other departments of the county government.

Acting Chairman DOWNEY. Excuse me just a minute.

We are working on the child care bill across continental lines, and so I hope you will forgive us.

Mrs. JOHNSON. What I want to get clear is what services you provide and what those agencies are whose coordination you think is critical to a cost-effective program. And in listening to you, clearly you are coordinating with JTPA, the community colleges, State, and to some extent local educational resources and social services, but I am not quite sure whether those are county-based social services or private contractors.

Mr. JACOBSEN. Overall, the county has the responsibility and has the contract with the State of California to operate the GAIN Program in San Diego County. If something goes wrong, we are the ones that they are going to hold accountable either for a programmatic decision or inability to manage the books, and they do audit us on a regular basis as part of our overall program.

Mrs. JOHNSON. And that is from the State.

Mr. JACOBSEN. That is from the State, yes.

In terms of the operation of the program, the department of social services does the initial eligibility work through its income maintenance program for determining whether or not somebody is eligible for AFDC. If they meet the requirements of GAIN or JOBS, then they are referred to the GAIN section of the department, which is a separate bureau from the income maintenance side, where we do the initial assessment and start the process.

We have responsibility for the overall case management. If they go into remediation, as you saw in the learning lab, that learning lab is funded through average daily attendance from the State of California, as well as we supplement that through money coming in through the GAIN Program from the State of California and by the 8 percent money that comes in to the JTPA. That is a contract that we have with the community colleges and a high school district to do that.

In terms of the assessment centers, that is also a contract with the school people, where we contract with them to do additional assessment. We utilize the existing resources of the JTPA PIC-RETC for the training. Presently, we have a county policy or a PIC-RETC policy, which is a collaborative between the city of San Diego and the county of San Diego, that 40 percent of their training slots will go for welfare recipients, and that has been in place since 1981. We do not necessarily have a contractual relationship with them, but we have a policy relationship with them in terms of making that kind of commitment and making those resources available through our people.

We also contract the other way around with the PIC to provide services that we could not provide under the GAIN Program to a certain segment; namely, in the area of placing people. If the employer just wants some people certified to him, he will go ahead and do the training and things like that. We do not have funds necessarily through the GAIN Program for that, but we do have a contract with the private industry counsel to provide that service.

In the case of the child resource, that is a contract between the county and the Child Resource Center. That provides not only for the administration of that program, but they also are given some money to develop new child care slots as well.

But the overall responsibility, in terms of fiduciary responsibility to the State of California, is through the county.

Mrs. JOHNSON. And is there any way that we could do a better job of increasing coordination from the Federal level?

This is something that is talked about quite a lot, and we often put provisions in legislation to try to encourage coordination. I do not know that we know whether they work or not. I do not know whether they create more stumbling blocks than communication. In many parts of the Nation, maybe not in San Diego, there are very significant turf barriers. Do you have any comments on either of those provisions that we have put in the law or how we could do a better job getting folks at the local level to coordinate services?

Mr. JACOBSEN. Maybe Mr. Williams could start and then I could give you a couple of examples, because he was just in Washington last week speaking to this very issue.

Mr. WILLIAMS. Yes, I was talking, Mrs. Johnson, with some Members of the Congress about the need to, for example, in the case of foster children, to have them qualify one time, eligibility to be determined once, and let that follow the child rather than having to continually determine eligibility in every situation in which the child finds him or herself. It is a very expensive process and non-productive. That is just one example I know of off the top of my head.

Mrs. JOHNSON. And did you do anything in writing on that, Mr. Williams?

Mr. WILLIAMS. Yes, we did, and we could get that information.

Mrs. JOHNSON. Yes, do that because we also are doing some serious work on foster care as well as welfare oversight. We are very concerned about what is happening in foster care, and particularly the high administrative costs.

Mr. JACOBSEN. Let me give you a couple of example, Mrs. Johnson. We take kids into the foster care system and they become emancipated at age 18. Assuming the foster parents cannot provide the financial wherewithal, they are literally trapped in terms of where they go next.

Section 8 housing under the HUD Program they are not eligible for. Most people recognize, including the city's housing administrator, who has his older son living with him who we think is 23, that with the high cost of housing it is hard for people to be able to afford it coming out of high school. And yet a program that should be able to help excludes foster kids.

You have before you now the reauthorization of the Food Stamp Program in which this county has supported a major overhaul and alignment of the Food Stamp Program with the AFDC Program, including, as Mr. Williams mentioned in his testimony, the employment and training programs for food stamps ought to be married up to the program in HHS, namely, the JOBS Program.

You have got other health programs, for example, on a broader scale where they come in, they get determined to be eligible for AFDC. We find that over 90 percent of them are also eligible for food stamps. They are on Med-Cal. But then if they want to get WIC services, Women, Infant, and Children, they have got to go through another eligibility process. If they want to get into our California Children Services Program for crippled children, they have got to go through another eligibility process.

Mrs. JOHNSON. So, is the primary problem the sort of paperwork administrative issue of eligibility?

It seems to me, in my experience, that there is a much more serious problem. It is reflected to some extent in our difficulty in gaining a single application, but ever more seriously in our inability to effectively coordinate programs. There is a very basic sort of turf battle that goes on in corporations in the private sector and goes on in bureaucracies in the public sector that are very difficult to overcome.

Mr. JACOBSEN. Let me address that two ways.

No. 1, it is very costly. We are probably the most automated welfare department in the country, and yet every time you make a change in one of those three programs, Medicare or Medicaid, Food Stamps or AFDC, it impacts the eligibility requirements on the other ones. And that means you have got to grind more software up.

We are very fortunate that we have a 19-member consortium of counties that eases the burden on that cost. But believe me, you could automate these programs, save a tremendous amount of administrative dollars if you had one set of rules, and then you did not change them every 3 months, but made some reasonable changes on a regular basis.

No. 2, I think what we need to do is to return to the way social work was practiced pre-1969, when we went to specialization. We have certainly found in new beginnings, in examining this one elementary school in the inner city, that the people are willing to work together in San Diego County. We have demonstrated that with GAIN. We have demonstrated that with the employment preparation program. We do not have turf problems.

But right now people are being run all over the place. They are being referred all over town. Nobody takes responsibility to coordinate their activity, because nobody is given the responsibility. So, you can have a child and a family being seen by a school counselor, by a mental health person, they could be on probation, they could be on welfare or social services, they could be in our children's caseload, they could be on section 8 housing, they could be involved with the police, and there is no mechanism to know that they are involved in all those different agencies.

One of the things that we hope that will come out of this study of this elementary school is a profound change in the way institutions do business in this community. You cannot hold just the educational system responsible for the quality of our children's life. It is a responsibility of the cities, it is a responsibility of the county, it is the responsibility of the community colleges, and it is a responsibility of our kindergarten through 12 education, and we should be working more jointly together.

You can facilitate that by lifting the categorical barriers to funding and program design by asking, when say a new program like JOBS comes up, how is this going to impact other types of employment programs, can we make it compatible instead of setting up a separate bureaucracy in Washington and Sacramento and finally down at the local level to administer. It is unfair to these families.

Mr. WILLIAMS. And to society.

Mrs. JOHNSON. We have not done a very good job in Washington of lifting the barriers. They vary so much from State to State that it is very hard.

Do you think we might put more pressure on States to move in this direction if before they get money from a new program, they have to propose a plan as to how they will integrate services?

Mr. JACOBSEN. Well, I do not think that you need to do a carrot and stick—at least not with the State of California where the county is within the State. The financial situation that we have found ourselves in is on the perils of bankruptcy.

The State of California right now only about 7 percent of its budget is discretionary. We have counties up and down the State that are on the verge of asking to return programs to the State. They recognize, I think because of the nature of the financial crisis that we have, that none of the institutions has enough money to do the job and that we need to get together. So, the incentive is there.

What we need is the opening up, if you will, of the gateway to allow us to proceed. We do not need a carrot and stick approach. We are ready to go and roll as fast as you are willing to get legislation for it to allow this to happen to do it.

Mr. BOYLE. And I think there is something else there, too. It is darn near impossible to legislate cooperation. We have, in California, run into our share of problems in trying to cause our county

administrators to work together. But I have found that you can hold people accountable for doing that and I think that the best way for Congress to do that is to hold HHS accountable for administering the program in that way. It is a people thing.

The people who are administering the program when they see a problem can cause people to get together. It is the difference between requiring people who operate different plans, to change their program plans at the end of development and encouraging them to get together to jointly develop their plans from the get-go, and that is something that people can do. I think it is something that HHS can do and something that you ought to hold them accountable for doing.

Mr. JACOBSEN. Let me just make one other comment about legislation. One of the reasons why New Beginnings, I think, is successful between the city of San Diego, San Diego Community College and San Diego Unified School District and the county is represented by CAO's office, probation, health and social services, amongst others, is the fact that it is not legislated. Therefore, we are not subject to the Brown Act in California in terms of the open meeting law. We can get 28 of the top administrators in this region together to have a heart-to-heart talk about what we are doing to each other. You do not get that in public session. You only get that by providing the vehicle where people can be honest and open and say, yes, I have got a problem and I need to fix it. I am really hurting you guys or, you know, whatever the case may be.

Mrs. JOHNSON. To pursue this in a little different context, back to the constraints that you find so difficult with HHS's regulations. I hear what you are saying about the 75 percentile limit, Mr. Boyle, but that is going to be very, very hard to deal with in Washington, because what Members ask is why should we be paying 90 percent? Why should we not be having the limit at 50 percent or 55 percent or 60 percent?

How would you answer those legislators? What is the convincing data that is out there?

Mr. BOYLE. Well, I think I would answer that in two ways. I would answer it in two ways.

First of all, we do have a track record. We have a landmark study, if you will, in the SWIM Program here in San Diego that was designed to get a large amount of participation, and by any measure was a successful program. In fact, in some regards it was the most successful work and welfare program ever. And when you have a program of that calibre that delivered the results that it did, monetary results, it delivered people off welfare, it delivered \$3 in profit for every dollar invested, then you have got a programmatic reason. You have a success.

I do not think it is so much a matter of coming up with reasons why not so much as it is a matter of coming down out of the ivory tower and looking at the requirement and just being able to see that it is not reasonable.

It is not reasonable, for example, to require someone in order to count as a participant to be in school 20 hours a week when a full load for an average person without the kind of problems of the population we are dealing with is maybe 15 hours a week.

Mr. JACOBSEN. Mrs. Johnson, I would like to just comment a little bit more on that.

When we start talking about interagency collaboration and we start talking about major components, what I think we are saying to you is you do not judge the success of the program or how it ought to be operated just by one major component.

Child care is a component. Now, if you want to get people off the welfare or reduce the amount of aid, and you have an unreasonable reimbursement for adequate child care that does not help in that situation, then it seems to me that you are losing your investment, because you are concerned about going from 75 to 93 percent, when what you want to look at is how well does the education work, how well does the training work, how well does the child care work, the case management. It is the total package that you are evaluating. And if you go cheap on one of those components, you will pay the price.

The ultimate, if you want to look at the down and dirty dollars and cents, is did this program cost you less than what it saved, OK. And as I indicated to you, in the 2 years that we have had GAIN here in San Diego County, it has cost the State about \$45 million. We have saved \$46 million in grant savings. Fifty percent of that grant savings belongs to the Federal Government in which we are getting no incentive, in essence, for having done that. But, again, that is a dollar and cent issue. It is only going to get better in San Diego County, and we are doing that because we are strapped for dollars here in San Diego. We have got to reduce the net county cost in all these programs, whether or not it is in welfare or whatever, because we are going under.

You did it, not you, but the Congress did it to us on refugees. Refugees, we used to get reimbursement for 36 months. On a unilateral decision, not even through the Congress, they have time limited those to 4 months. That is costing this department this year since it has been implemented, from January to July, \$60,000 in unbudgeted cost. That does not sound like a lot, but it is just going to continue to grow because they also increased the number of refugees that could come in and are asking the locals, in essence, to pick up that share of cost.

Mrs. JOHNSON. Let me just pursue this regulations issue a little further. You know, one of the reasons for the 75-percent limit is that we can document the Government coming into the market, being willing to pay top dollar, and as a result pulling the going rate of services up for all those people who are not subsidized. And that 75 percent limit represents a desire to expand services. If that is where the going rate is creeping up to, then let us expand services.

If we pay 95 percent, pretty soon the people who are not subsidized will end up having only higher cost services available.

So, I think maybe rather than fighting the 75 percent, you should try to find money that can be used to help expand the available services to better fund day care.

Do you have any aspect to your GAIN Program of developing entrepreneurs to provide day care.

I personally do not see how we can back off this 75 percent because, as much as I recognize the inflexibility it mandates on you,

if we pay more for day care, the net effect of that over time is to raise the base level of cost for child care services, and it is government driven.

We did it in housing. We can go back and document in my community how section 8 new construction absolutely was one of the key factors that destroyed affordable apartments. So, I am really afraid of that.

I also want to address this 20 hours a week requirement. These things were debated at incredible length, not so much on the floor but behind the scenes. These were very, very deeply felt issues among Members, and it did not fall out exactly along party lines by any means. But a lot of people felt that if you are providing day care, if you are providing all these resources, you are helping someone who is a parent prepare to take serious responsibility for the economic parenting of that child as well as every other kind of parenting; that really 20 hours a week was the minimum that you should ask. It still leaves the other 20 hours to study and care for family and so on.

If you say 16 hours is a full load, you know, then maybe we ought to look at that again. But I think Members of Congress were seeing it in the context of a person who is going to take charge of their lives, then what you owe, at least, is half time.

Now if that does not fit the educational model or if there are any practice sessions or study sessions that ought to be counted in those 20 hours, then I think those are areas we can discuss. But when you look at this as preparation for independence, you are going to have a hard time getting Congress to support the kind of money we need to provide for day care and income subsidies and not be talking about at least a half time obligation.

Mr. Williams.

Mr. WILLIAMS. I just want to say one thing on that, although I am not the expert at all, but you are talking about people who have not so far succeeded, people who in many instances have failed high school, who are very illiterate and we have all that machinery of the educational institution to support them, and now we are demanding more of them than we did in the regular institution.

Mrs. JOHNSON. Well, perhaps the problem is in the definition of what has to go on in those 20 hours. Actually one of the big arguments was that these are folks that have failed, that have deficits. You ought to be working with them for at least 20 hours. But in that 20-hour concept was parenting education, self-esteem activities, job training. I mean, it wasn't limited to academic credit hours.

Is the problem that you think they have to be academic credit hours? Is that where we are putting the squeeze on you?

Mr. BOYLE. Well, I think the problem is that we are not dealing with a simple individual that we would try to send to an activity for 20 hours in a week. We are dealing with a body of people who are coming and going and who have got different needs.

Let us go back to the SWIM study that was done here in San Diego. By their definition of participation, they got 55 percent of the population involved in the program on average in each month. Now, that sounds like a high number. In order to get that 55-per-

cent participation, what they had to do was reach out and touch 100 percent of the people, trying to get them in. Some of the people that started the month were gone by the end of the month, off of welfare, which is good, but it still does not count as—the count as a debit, if you will, but not as a participant.

Mrs. JOHNSON. Why do they not count as a participant, because they were there less than a month?

Mr. BOYLE. Well, say they did not participate for 20 hours, say they quit, they left welfare for whatever reason, but they are on the rolls at the beginning of the month. Just the churning of the organization, the down time between components.

It is simply to take an individual—if you have only a single component program, it is relatively easy to bring people in and send them into that one program, that one place and see them there for 20 hours a week and then excuse them at the end of the week.

But when you have a program that is at all tailored to some of the different needs of the folks that we are talking about where you are going to have some down time between components, you are going to have some down time between semesters, and all of that complicates the issue.

I think that we lose sight of the practicalities of running a program like this when we talk about some of the principles. The principles are very good and they can apply to individuals, but we are running a program here in California, for example, where we have tried to run over 300,000 people through the program. And when you do that, the problems of managing are different than when you are dealing with an individual-by-individual basis.

Now, I know the debate concerns individuals. I mean it is right to require an individual to do something for 20 hours a week. But when you are talking about large volumes of people, the same things are not practical, and I think that is what we are dealing with. And do look at the SWIM test where every effort by an experienced body of people was made using 100 percent of the case load, to get everybody in participating as much as possible.

And there were significant numbers of folks brought into the program. But if you look at it, you will see that under the regulations, not the law, but under the regulations we would not have met the 7 percent.

Mrs. JOHNSON. Well, it would take more study on my part and on the part of many to really understand. It is a difficult case to make, and one that if we really need to make a change there, takes some time to generate the knowledge level. Perhaps some change in the ways in which we count should be considered.

Mr. Williams.

Mr. WILLIAMS. Mrs. Johnson, I just wanted to add kind of a matter of principle. I think, and I know that you and the Congress know that we have many problems in this Nation and the solutions that we have been providing or proposing have not worked. The problems are getting worse, and dependency on welfare and all the other problems we are facing. That is one reason why we are almost broke in this county is because the problems that are generated by the failure of our institutions to do what they propose to do.

It seems to me we are talking here about this upfront investment. That is what we are talking about. The system has to work. It has to compensate for what the regular part of the system has not been doing.

And I think if it needs time to study it and see why we are saying that, then that ought to be what we do rather than to assume that that is too much money or those 20 hours may be—everybody ought to be able to put in those 20 hours. If it is not working, if it is not going to get the results, then it seems to me that it is worth taking a little bit more study and to see why it is it will not work and what needs to be put in, what kind of understandings have to come to the Congress and to the administration in order to see the need for that upfront investment.

Mrs. JOHNSON. We do have to move on to the next panel. I appreciate the opportunity to talk with you about these things.

I think the fact that there are requirements like the 20-hour requirement, like the 75-percent requirement indicate how serious Congress is about this program. Those of us who have really worked hard to back it and get support are trying to say to our colleagues this is serious, this is different, this is going to make a real difference in people's lives.

Now, it will not make a difference if we do not fund it, and one of the interesting things to me has been your need for better day care funding. And as having been primarily involved in that aspect of the bill from the beginning and being one of the more radical Members of Congress on that particular issue, I am interested in improving our performance on the funding side of the equation.

But I would rather fight for more money, and then see how the standards can be dealt with. In the meantime, it would be very useful for us all to understand whether there are people we are trying to count that should not be counted? Are there different categories of people and, therefore, should the 20 hours be more clearly identified as being associated with certain customers as opposed to other customers?

Those things, I think, we can all benefit from understanding more clearly. But they are the tip of the iceberg that demonstrate to you that Congress sees this as a different type of initiative. Many felt it was not strong enough. When I see how the funding is going, I certainly believe that it is too strong for the resources that we have committed to it, and I know this committee will be most interested in assuring adequate resources.

Thank you very much for coming.

Mr. BOYLE. If I may make one last brief comment. I want to point out that in this fiscally most conservative State on the 75-percent child care issue.

Mrs. JOHNSON. Yes.

Mr. BOYLE. We believe in it so strongly we have invested our own money for the program part, for the GAIN Program part. We do fund it with our own, we make up for the shortfall with our own money to the 93d percentile level and only get to the 75 percentile level for transitional child care. A serious problem.

Mrs. JOHNSON. The next panel, Western Center on Law and Poverty, Casey McKeever; the Consortium of High Schools and Com-

munity Colleges, Dr. Robert Coleman; the Family Support Division, Ralph Fear, chief deputy.

Mr. McKeever.

**STATEMENT OF CASEY S. McKEEVER, DIRECTING ATTORNEY,
WESTERN CENTER ON LAW AND POVERTY, INC., SACRAMENTO, CA**

Mr. McKEEVER. Thank you, Mrs. Johnson.

My name is Casey McKeever. I am an attorney with Western Center on Law and Poverty in Sacramento. We are a support center for local legal services programs throughout California, and represent low-income clients on a variety of issues that include welfare and the GAIN and JOBS program. I have been involved in the debate over welfare reform since 1984, was present during the passage of the GAIN legislation in 1985, and I have been monitoring the program since that time. I have written a few short papers on it, one of which I have brought along with my testimony today.

There are scores of issues on which comment might be appropriate from the point of view of an advocate for the poor. I want to focus on two general areas and within each make a few specific points. Those two areas are, one, self-determination and voluntarism and the ability of the poor who are affected by these programs to make decisions about what happens to them. And secondly, the difficulties for working poor recipients who are still receiving AFDC and have not yet left the rolls as well as the difficulties for the working poor population who may have recently left aid.

If I can turn first to the notion of self-determination and voluntariness. Within this, there are three kinds of issues that I think are worthy of some attention.

Our role as advocates for the poor is to represent those people who are poor and to promote their well being and their ability to control the decisions which affect their lives. And when we judge any kind of program, the capacity of the poor to make decisions about what happens is a critical criterion.

We do trust the ability of poor people to make choices that are appropriate for them and to know what is best for their families. And even though GAIN and JOBS are mandatory programs, still within that context there is great room for respecting the wishes of the participants.

The JOBS Program specifically states that the employability plans shall reflect the preferences of the participant to the maximum extent possible, and we believe that is an important principle.

This has shown itself especially in the rule of JOBS granting priority for services to those who volunteer to participate. I think it was one of the key achievements of the JOBS legislation to recognize that when resources are limited that they should be focused, one, on people who are in target groups and who are determined to be most needy; and, two, those who within those target groups choose to participate, who look at the program and make a decision that what is offered is good for them and their families.

California has faced a serious fiscal crisis both in the GAIN program and within State finances generally, and you have heard a bit about that already today. But the cost of GAIN has risen far faster than the initial projections.

When GAIN was debated in the summer of 1985, full funding from all sources was expected to be about \$266 million. After several years of program implementation, in fact, were full funding to be appropriated for the 1991 budget year, it would be about twice that amount.

As a result of that, there are pressures to control costs and decisions have to be made about how those costs are controlled and who is able to participate and who is not. And the rule of JOBS is a sensible and fair one—to provide preferences to those who express a desire to participate in the program whether they are required to or whether they are permitted to participate under the GAIN and JOBS Program.

We had some difficulty in having that principle adopted when the JOBS Program was initially implemented last year in State legislation. At that time because previous priorities in GAIN had, in fact, given exempt volunteers the next to the lowest priority for services, as JOBS was adopted those who were exempt, that is, not required but who wished to participate, were not given the priority that the JOBS Program required that they get. This was particularly based on comments to the regulations made by the Department of Health and Human Services which qualified that priority and which led the state to believe that it was not a principle that needed to be fully enforced.

We are hopeful that this problem is going to be redressed in current legislation which is pending. We have had good discussions with the State about changing the order of priorities. And as this bill is debated over the coming weeks, we are expecting that there will be some changes for the better. We have yet to see final language that has adopted this principle, but it is an essential one, I think, from the point of view of these who advocate for the poor. I assume that other States may have some of the similar difficulties that California has had in interpreting that principle in the context of some of the comments that were made in the HHS regulations.

Let me turn to another issue relating to voluntarism and participation, and that has to do with the impending requirement that AFDC unemployed parents participate at certain rates in the coming years in a way that has not been required up to this point.

Now, the JOBS legislation, undoubtedly as part of a political compromise, required that beginning in 1993, that participation rates for AFDC-U parents, principally the men wage earners within two-parent households, be required to participate at a rate of 16 hours a week, and that their participation rates begin at 40 percent in 1994, and rise to 75 in fiscal year 1997.

The participants in AFDC-U households generally tend not to fit the profile of the target group populations that JOBS was directed toward. They have a greater connection to the labor market. That is, in fact, a requirement in order to qualify for AFDC-U benefits. They also tend to be on aid for shorter periods of time than do single-parent families.

Despite this, though, if this participation rate rule is enforced when 1993 begins, it will require an enormous shift of resources away from the target groups that have been previously designated and toward groups that studies have tended to find do not benefit

appreciably from the kinds of programs that GAIN and JOBS contain.

As a result, I believe that it is time for Congress to begin looking at that provision and to reexamine the appropriateness of it as States continue to implement their programs.

Finally, an issue relating to voluntariness and choice relates to self-initiated programs. These are programs that people have enrolled in or are participating in as they enter the GAIN-JOBS Program, and these are programs that they have chosen themselves. They may be in college, they may be in training of different kinds, but clients that we have talked to tend to think that this is one of the better aspects of GAIN and it has permitted many to continue in programs with payment of child care and transportation costs and continue in a program that they may not otherwise have been able to finish.

The difficulty we have in California is that GAIN has a 2-year limit on the length of programs of this kind, and this tends to force participants into shorter term programs that have less of a prospect of leading to employment that will support their families when they finish them.

An example is an LVN, or licensed vocational nurse program versus a registered nurse program. We have had cases where women who have been enrolled in a registered nurses program have been disapproved from continuing for that program because they could qualify to take a job as an LVN. The LVN pay scale, though, is far lower than the registered nurse's pay scale and, in fact, often will lead to a family having less income than the poverty line. For a single parent with children, it is simply not a sufficient wage to support them at.

The expectation for parents in this situation is that they should find a job and work full time at it. And if they want to continue at a higher level, do so on their own time. But for single parents who have responsibilities for caring for their children, we believe this is an unrealistic expectation.

Going to school at night when one has responsibilities for kids while working all day is simply not a realistic possibility for many single parents, and data tends to show that 2 years of education or training has much poorer prospects for earning enough to exceed the poverty line than does training or education of 4 years.

In fact, 43 percent of those with 1 to 3 years of college, according to the census data, have incomes below \$10,000 a year, and for a parent trying to raise a family with two or three children that is simply not enough.

The JOBS Program does allow for self-initiated programs at the discretion of the State, but provides no standards for it and leaves to State option the nature of how those programs will be allowed.

Some of the HHS comments to the regulations indicated that HHS discouraged programs of college level and spoke of exacting scrutiny that would be given to programs like that in determining their cost effectiveness. This was said despite the fact there was no such similar exacting scrutiny that apparently would be given to other sorts of components of JOBS, and we believe the comments indicated a direction away from program that would, in fact, permit families to improve their long-range economic prospects.

Also, HHS regulations prohibit payment as supportive services for books. GAIN has been paying for these for community college and other studies since its inception. And because of the HHS refusal to pay for these, the Deukmejian administration is proposing that payment for these ancillary services be discontinued.

For those who are going to community college or any kind of program in which books are necessary, those costs can be extraordinary and we do not believe that the JOBS legislation was intended to prevent payment for those kinds of expenses. Rather, it seemed designed to prevent payment for tuition and the direct costs of attending college.

Let me talk next about the difficulties for working AFDC recipients. This is a serious problem for those who participate in GAIN: find work but do not earn enough money to leave aid. This is, in fact, the experience of about 80 percent of the single parent households in the GAIN Program who are counted as having found employment. Only 20 percent of those are counted as having left aid because of employment. It is also true of about 55 percent of the AFDC-U unemployed parent households who stay on aid after finding work.

While in GAIN, one is entitled to child care and other kinds of supportive services, and virtually all of those costs, with some exceptions, are covered. Yet, once off aid one is no longer a GAIN participant and the only kind of benefit available is the child care disregard. This is a rule that allows one who has work expenses, such as child care or other kinds of employment-related expenses, to deduct those costs from their income when their grant is determined.

There are, however, caps to the amounts that families can deduct for these purposes, and they were increased in JOBS but still are far below a realistic level. For child care, it is \$175 a month and rises to \$200 per month if one has a child under 2. And for work expenses, \$90 per month is the maximum, and that includes mandatory payroll deductions.

The actual cost of child care virtually throughout California is far higher than the disregard levels that are permitted. What this means is that if a parent is to work without getting off aid, she will either have to find virtually free child care, or pay the difference between the child care disregard amount and the actual cost out of their own pocket which means out of their subpoverty AFDC income.

Now, JOBS does allow for an option to the State to supplement the disregard up to a level equal to the actual costs or whatever other formula the State is using in determining child care rates, and that option is one we have urged the State to adopt. But given the serious fiscal constraints the State is under, this administration is unwilling to do that and we do not expect that that will happen in the near future.

There is, of course, the blanket guarantee in the Family Support Act itself that covers those who need child care to find employment or keep employment. And we question whether or not sole reliance on the child care disregard when costs in fact are so much greater than that satisfies the guarantee that Congress intended when it enacted the Family Support Act.

It is, of course, true that JOBS does require participation for all pre-school age children, and when we are talking about, as in Sacramento, \$300 to \$400 per month, families simply are not going to be able to afford child care and work if they are still on AFDC.

I want to join with the comments that Mr. Boyle has made about the child care reimbursement rates and I support the reasons he has given. In addition, though, I think it is important to look at the quality of child care that is being provided for children of AFDC families.

That is, I do not think we should just look at child care for JOBS participants as babysitting. We are beginning, I think, to see the importance of child development and of early childhood education in helping low-income children do better in school and then have more productive lives.

We cannot meet that kind of need if there is a constant downward pressure on the cost of child care. I think it has been documented that there is a connection between child care costs and the quality of care. And to the extent that certain kinds of care are not available to families as a result of the 75th-percentile limitation, it is going to tend to be the better quality care.

If Congress begins to look at the issue, it should look at the need of the children and the quality of care and consider that as a factor as well as just the need to make sure that some kind of care, any kind of care, is available for participants.

Let me also make a comment about the 100-hour rule as a potential penalty on working AFDC recipients. This is a rule that makes ineligible two-parent households, AFDC-U families who work for 100 hours a month, no matter how much in earnings they receive.

This will make many two-parent households worse off by reaching 100 hours than they would be by working less than 100 hours. They will not have the supplement of AFDC benefits to cover whatever difference exists between their wage levels and the AFDC benefit level.

The data from the State GAIN Program tend to indicate that over half of the AFDC-U families who find work do not leave aid. That means that large numbers of these families have their principal wage earner working virtually at half time, and it certainly raises the question whether the 100-hour rule creates a built in disincentive to work longer hours by leaving a family to make the judgment that their economic level will be worse by working more hours. I think this kind of result is not one that can be supported by any sound public policy.

It also tends to reveal, I believe, the deeper inadequacy of the whole concept of deprivation on which much of AFDC policy is based. That is, in addition to having a family with children in need, one must meet some other sort of standard of worthiness in order to qualify for AFDC. And AFDC-U families are only assisted because they meet these standards of what is considered to be an unemployed parent. The 100-hour rule makes sense only within this context because those who work 100 hours are not considered to be unemployed.

But I think the irrationality of the 100-hour rule brings forward the need to look at the concept of the deprivation and see if this is

really an antiquated notion that no longer has a serious place in welfare policy if we are to meet the needs of children who are poor.

Finally, let me make a couple of comments about the net impacts of employment on AFDC families and the poor generally. As advocates for the poor we tend to believe that the goal should not simply be to reduce welfare costs in a program such as JOBS, but to improve the economic fortunes of those families who are affected by the program.

Now, we can recognize that for many the personal satisfaction and improvement of self-esteem is valuable and should be recognized. But we also believe it is not enough for a program like JOBS just to substitute one kind of poverty level income for another kind.

And, also, I think that committee should appreciate that employment is often secured by AFDC recipients without the use of any kind of job program such as GAIN and JOBS. The SWIM Program, among many others, has demonstrated this. Over a 2-year followup period, over half of the single parents and 62 percent of the AFDC-U family participants in the control group, that is, those who receive no services, found employment. That was less than the participating group, but still a significant number.

In judging employment data, I think one should keep in mind that all of the numbers that have been put forward do not necessarily mean that the program itself has caused them to happen or has caused the jobs to be secured.

When successful results are put forward, we think they bear some close scrutiny. For example, the SWIM Program, which has been promoted as the most successful job program ever, I think needs to be looked at closely from the point of view of the participants and recipients themselves. If you look at the cost benefit data that MDRC developed in the SWIM Program, you will see that the welfare families themselves pretty much broke even. That is, the costs to them, the losses of different kinds of income and services compared to the benefits that they received from slightly higher earnings really resulted in a wash.

These studies also tend not to consider the impact of added child care expenses and potential loss of Medicaid to these families because the data on which the studies are based simply usually do not include these factors.

Now, I am not saying this to challenge MDRC's methodology, because I believe it has done some valuable work and we rely on it extensively in our understanding of what happens in these programs, but just to suggest that when these programs are assessed in terms of their ultimate impact, we look at the impact on the poor and give that serious consideration as one of the major purposes of programs like this. As advocates what we want to see programs like JOBS do is to better the quality of life for poor families, increase their level of income and we would hope increase it beyond the poverty level, and not merely cause an inconsequential difference compared to the subpoverty AFDC income.

[Statement of Mr. McKeever follows:]

TESTIMONY OF CASEY S. MCKEEVER
HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES

Implementation of the Family Support Act of 1988
March 26, 1990
San Diego, California

My name is Casey McKeever. I am Directing Attorney of the Northern California office of Western Center on Law and Poverty in Sacramento. Western Center is a state support center for legal services programs in California which represent indigent people on civil legal matters including public assistance issues. Part of my job is to represent clients on legislative and administrative issues related to California's GAIN program. I have been doing this since late 1983, and therefore was involved in the debate over welfare reform prior to and upon the enactment of GAIN in 1985.

I have also been monitoring implementation of the program since its passage and have been analyzing data and representing clients on the legislative and administrative matters affecting the program. I have written several reports and memos on the implementation of GAIN, the latest of which, entitled "The More Things Change ... GAIN Revisited," I am submitting along with my testimony today.

I appreciate the opportunity to address you today as an advocate for low-income families affected by GAIN and JOBS. While there are scores of issues on which comment could be made, I want to focus on two general areas, each of which raises several concerns. First, the notion of self-determination and voluntariness of participation; second, the difficulties working poor recipients face both under existing AFDC rules and in grappling with low wages they are likely to receive upon employment.

SELF-DETERMINATION AND VOLUNTARISM

Our duty as advocates for the poor is to promote the well-being of needy families as well as their ability to make decisions affecting their lives. As such, the concepts of voluntarism and choice are fundamental criteria by which we assess public policies directed toward low-income persons. We tend to trust the ability of the poor to act in their own interests and to know what is best for their families. When decisions about program participation, activities or services are to be made, we support deference to the choice of the recipient.

Of course, GAIN and JOBS are mandatory programs, so decisions are made within this context. However, there is still great room for respect for the wishes of participants even given the mandatory feature. In enacting JOBS, Congress declared that "[t]he employability plan shall ... to the maximum extent possible ... reflect the respective preferences of ... participants." 42 U.S.C. §682(b)(1)(B). We have been strong proponents of self-determination and voluntariness which will effectuate this goal.

Priority for Services to Volunteers

One major area in which this principle arises is the difficult question of choosing among potential participants when resources are limited. One of JOBS' most important features was its requirement that "in determining the priority of participation by individuals from among those [target] groups ..., the State will give first consideration to applicants for or recipients of [AFDC] within any such group who volunteer to participate in the program." 42 U.S.C. §602(a)(19)(B)(ii).

This principle is an important one promoting service to those recipients of aid who have concluded that GAIN has something valuable to offer them and wish to take advantage of it. It is plain that the costs of a program such as GAIN do not permit full service to all applicants and recipients who are required or allowed to participate. Indeed, the total cost of the program if it were fully funded in the 1990-91 budget year would be \$529 million, nearly twice the costs estimated when the bill was debated in the summer of 1985. The expense of the program in conjunction with the state's fiscal crisis has led to the failure of the Deukmejian administration to appropriate full funding for it. The proposed 1990-91 budget calls for a reduction of over \$30 million in state general fund dollars, resulting in the inability to serve some 164,000 potential participants. If choices must be made about who is and is not served, it is sensible, fair and, we believe, cost-effective, to prefer those choosing to participate. It is worth noting that the most recent report by the Manpower Demonstration Research Corporation (MDRC) on GAIN implementation found a much better pattern of participation among volunteer participants (who for GAIN purposes were all exempt volunteers) than among mandatory ones. Some 63% of volunteers participated at least half the days after orientation, compared to less than half (48% of single parents, 39% of AFDC-U participants) of mandatory participants. MDRC, GAIN: Early Implementation Experiences and Lessons, April 1989, p. 133.

Until passage of JOBS, the GAIN program gave recipients who were exempt from the mandatory requirement but who wished to participate virtually the lowest priority for services. Welfare & Institutions Code (hereafter W.I.C.) §11320.21(d). Despite the JOBS volunteer priority provision, the priority for volunteers was not extended to exempt volunteers in the original California legislation which implemented JOBS, in part due to the confusion created by HHS comments accompanying the proposed and final federal regulations. See 54 Fed.Reg. 42166-42168 (Oct. 13, 1989).

We are hopeful that this problem will be remedied in Assembly Bill 312, the follow-up JOBS implementation bill currently pending in the state legislature. We are working with the author and the Department of Social Services to reach agreement upon specific language so that our clients who volunteer to participate can expect to be assigned to the next available appropriate slot. I do believe, however, that the confusion created by the HHS regulatory language lends itself to avoidance of the clear directive of Congress, and I presume that other states are experiencing similar difficulties in implementing it.

Impending Participation Rate Requirements for AFDC-U Families

An issue which is looming is the not-too-distant future but could do much to undermine the volunteer target group priorities and the principle of voluntarism is the JOBS requirement that beginning in fiscal year 1994, states must require 16 hours per week of participation from AFDC-UP recipients in designated work programs, and meet stringent participation rates starting at 40% and rising to 75% by fiscal year 1997. 42 U.S.C. §603(1)(4). Should this requirement be maintained, it will redirect substantial resources away from target group members toward a population which by definition has a connection to the labor market and is less in need of the kinds of services programs such as JOBS can offer. It is also certainly true that AFDC-U households generally have shorter stays on aid. These characteristics are contrary to two of the federally-prescribed target group categories: (1) families on aid 36 of the past 60 months and (2) families headed by a parent under 24 without a high school diploma or recent work history.

Every study of the impact of such programs on AFDC-U families has demonstrated the failure to achieve significant improvements in their economic fortunes. Indeed, AFDC-U families are found to suffer cost-benefit losses as a result of such programs. See MDRC, Final Report on the San Diego Job Search and Work Experience Demonstration, Feb. 1986, pp. 100-102, 167, 170; MDRC, Saturation Work Initiative Model in San Diego, Nov. 1989, pp. 124, 128. It would certainly defeat what appeared to be a major feature of JOBS -- the focussing of resources on those in target groups -- to force a virtual complete reorganization of programs to meet participation rate standards which seem at odds with the need to serve longer-term recipients lacking education and work history. We strongly urge that these AFDC-U requirements be revisited by Congress, and that they be repealed to the extent they cause programs to be overhauled to serve less needy recipients.

Allowance of Self-initiated Programs

One of the most successful aspects of GAIN is the support provided to parents in "self-initiated programs," known by the acronym "SIP's." Since its inception, GAIN has allowed persons enrolled in education or training programs designed to lead to employment up to two years to continue their program during which they are eligible for child care and transportation. SIP's constitute some 84% of all training and education programs other than basic and remedial education. Comments from clients have indicated great satisfaction with this opportunity.

Yet the limitations on SIP's, especially GAIN's two-year maximum, have impeded many from taking full advantage of the opportunity SIP's could potentially offer. The kinds of jobs disadvantaged women can obtain with shorter term education or training frequently do not permit a family to markedly improve its economic condition or even exceed the poverty level. For example, we have seen several cases of women required to find work as an LVN, a job paying bare poverty wages, and give up their program aimed at becoming a Registered Nurse, which would lead to a job paying enough to support a family. The common expectation of those who would deny a participant the ability to continue with such programs is that she could pursue a more advanced degree while working at a full-time job. Yet this seems a harsh and unrealistic assumption which ignores the burdens on single parents. Should society give some support to struggling families whose head is seeking to improve her children's future by working toward a goal which would allow them to leave their subpoverty existence? I believe it should, and also believe that the benefits to government will exceed the costs if an extra two years of preparation for the job market is allowed instead of forcing a family into a less stable financial situation likely to result from short term training.

An analysis of Census data performed by the Center for Law and Social Policy concludes that "Four year colleges are much more closely linked with adequate earnings than are two-year programs -- especially for nonwhite women ..." CLASP, "Data Suggests Need for College Access in 'JOBS' Program," December 1989, p. 2.

Indeed, some 57% of adult women with only a high school education and 43% of those with 1-3 years of college had income under \$10,000 per year in 1987. The percentage with income under \$10,000 drops to 33% for women with four years of college, and 22% for college-educated black women. At the time of the data college, \$10,000 was poverty level income for a family of four. As of today, annual income under \$10,000 would leave a family of three in poverty.

JOBS allows self-initiated programs to be continued so long as the program is "consistent with the individual's employment goals" and attendance is "not less than half time." 42 U.S.C. §602(a)(19)(F)(i). There are no federally-established time limitations. However, HHS comments to the federal regulations indicate that the agency looks upon postsecondary education with disfavor: "While we do not prohibit the use of JOBS funds for this activity, we are concerned about the potential cost... We will monitor State expenditures in this area for the purpose of determining the extent to which investment in postsecondary education for JOBS participants produces more beneficial returns, such as longer term self-sufficiency, than are produced by other levels of education and training." 54 Fed. Reg. at 42182 (Oct. 13, 1989). No such exacting scrutiny is expressed about other JOBS components, even though there may be serious doubts about their efficacy.

Additionally, the HHS regulations specifically proscribe payment of JOBS funds for the cost of books of self-initiated education program participants. 45 C.F.R. §250.75(a). This limitation purported to follow the JOBS statutory exclusion of "the costs of such school or training" from federal reimbursement. Yet we believe the exclusion was intended to apply to tuition expenses, not incidental expenses essential to participation. The costs of books for students is often quite high and too difficult to afford out of a needy family's AFDC grant. These costs had been considered a covered "ancillary expense" in GAIN, W.I.C. §11320(e)(3). As a result of the HHS exclusion, however, the Dukmejian administration is proposing to discontinue payment of books.

We believe that Congress should place some limits on the ability of states to interfere with self-initiated training or education programs only because they exceed a limited duration. We do not believe it furthers the purposes of JOBS to compel an AFDC parent to quit a program of her own choosing with prospects for permanent self-sufficiency and attend job search activities aimed at finding her short-term, low-paid work. Additionally, ancillary expenses such as books which are necessary for self-initiated program participation should be expressly subject to federal reimbursement.

DIFFICULTIES FOR WORKING AFDC RECIPIENTS

The next set of issues I'd like to discuss involves problems facing AFDC recipients who may participate in a JOBS program, find employment, but not earn enough to become ineligible for aid. The experience of GAIN is that some 80% of the single parent participants who are officially counted as employed remain on aid after they find work. This is also true for 55% of the AFDC-Unemployed Parent households, despite the effect of the 100-hour rule.

"Disregards" of Child Care and Work Expenses for AFDC families

While in GAIN, participants receive supportive services to cover costs of child care, transportation and other ancillary expenses. Child care costs are paid up to a level equal to 1.5 standard deviations from the average regional cost of care. W.I.C. §11320.3(f). As a general rule, this covers about 93% of the available care.

Once working and on aid, however, a recipient is no longer a GAIN participant and is not eligible for supportive services. Child care or work expenses can be "disregarded" from gross earnings before those earnings are applied against a family's AFDC payment, but federal law sets maximum limits on the amounts that can be deducted. Work expenses, which include mandatory payroll deductions, are limited to \$90 per month, and child care is limited to \$175 per month or \$200 for a child under two years. Actual costs incurred over these amounts are paid from the basic AFDC grant, which, of course, is designed to cover subsistence living expenses and not work-related expenses.

A recent article in the Sacramento Bea newspaper, joined to a piece on the release of the national Research Council's report on the need for child care, noted that in Sacramento, child care costs range from \$200 for schoolage children, to \$300-400 for preschool children, to \$400-500 for infant care. Moreover, "[m]ore than half the families in need of day care in Sacramento County are unable to find a suitable facility." "The Local Angle: Half Can't Find Care," sidebar to "Upgrade of Child Care Urged," Sacramento Bea, March 15, 1990, p. A24. Child care advocates indicate that the cost of care is much higher in several other areas of the state than it is in Sacramento.

Of course, GAIN and JOBS have as a fundamental feature the requirement of participation by parents with preschool age children, and even those with infants, with the expectation that these parents will find employment. For those who do find work but stay on aid, the disregard amounts are entirely unrealistic. In practice, these parents will simply not use licensed or center-based care, and may not work unless they happen to have a free or very cheap source of child care. Such care may or may not serve the genuine needs of the child and parent, but if she is to keep a job, the parent will have virtually no choice.

Once a family earns enough to become ineligible for AFDC, transitional child care is available for one year. This was one of the most positive achievements of the Family Support Act. California is about to enact legislation -- Assembly Bill 1706-- which will set the child care payment rates for transitional care at the maximum level for which federal reimbursement is available, the 75th percentile of care in the region.

A common "transition" for working GAIN participants would begin with GAIN participation itself, followed by a period of employment while remaining AFDC eligible, and when wages increase to the point of ineligibility, reliance on earnings only perhaps supplemented by transitional child care and Medicaid benefits. Yet in California each of these stages has different standards for child care payment. The best care can be afforded when one is in GAIN. Once out of GAIN and still on aid, the disregard amounts drop precipitously. A parent who has relied on a provider paid by GAIN may well not be able to afford that care when she finds a job. If the family leaves AFDC due to earnings, the rates will increase, but still not allow for the kind of care the parent received while in GAIN.

Such divergent rates make continuity of care extremely difficult for working parents. We all can appreciate the value to children and parents of maintaining consistency in child care providers. How can a parent achieve this when the amounts available jump from one level to another unrelated either to reason or the family's needs?

Use of Disregard to Meet Child Care Guarantee

The Family Support Act does provide that "[e]ach State agency must guarantee child care ... for each family with a dependent child requiring such care to the extent that such care is determined by the State agency to be necessary for an individual in the family to accept employment or remain employed." 42 U.S.C. §602(g)(1)(A)(i). The Act lists several methods by which this guarantee can be met: direct provision, contracts or with child care providers, reimbursement to the family. Yet this has been interpreted by HHS to allow a state merely to rely upon the child care disregard for those on aid. 45 C.F.R. §255.3(a)(6). A state may supplement the disregard up to a higher level, 45 C.F.R. §255.3(f)(2), but states experiencing serious fiscal constraints with higher-than-anticipated program costs simply won't do this. The disregard supplement was raised in the context of AB1706, the transitional child care bill, but the current administration maintained steadfast opposition to providing such a supplement, primarily for fiscal reasons, but also based upon a convoluted notion that a lower disregard for working recipients would give them an "incentive" to get off AFDC in order to take advantage of the higher rate applicable in transitional care. Such a view assumes that the amount of earnings or hours of employment are fully within a worker's control rather than the employer's. It also ignores the likely inability of many finding work to keep their job if they suffer a drastic reduction in child care benefits as would occur with the shift from GAIN care to the disregard.

There is a serious question as to whether use of an unsupplemented disregard actually satisfies the Family Support Act's guarantee of care to those needing it to find or keep jobs. We believe that it doesn't, and that Congress needs to clarify the duty to assure that child care is meaningfully available to working poor families receiving AFDC.

Federal Limits on Child Care Reimbursement

The important question of child care rates merits two additional comments. As I previously described, California's GAIN child care rates have been higher than the amount for which federal reimbursement is available. The difference will exclude approximately 18% of the care from coverage, and one estimate by child care advocates suggested that in some areas about a quarter of GAIN participants use care that falls within the gap between the 75th percentile and 1.5 standard deviations. While GAIN will continue to use the standard deviation formula for its participants, and California will make up the difference in state-only funds, the state was unwilling to pay at that level for 12-month transitional care, even though prior to JOBS the

GAIN formula was also used for the state's three month transitional care benefits. Again, participants moving from GAIN to employment that causes them to leave AFDC may face disruption in their care as the 75th percentile standard is implemented, while they also must pay a monthly fee. Again, this change in rates may hinder the ability of some workers to maintain their employment if the face loss of their child care provider.

Additionally, we should also consider the social consequences of pressures toward cheaper care on the children of AFDC participants. Rather than looking at child care as mere babysitting, we should be attentive to the quality of care and its impact on child development. The recent National Child Care Staffing Study conducted by the Child Care Employee Project has documented the connection between the cost of care and its quality. I would hope that concern for the value of care delivered to AFDC children through the Family Support Act would be a consideration in any review of the amounts available under the program.

Unquestionably, the federal reimbursement cap has driven the state's policy on transitional care rates, as in many others. The strain on state funding causes the administration to search for means of saving money, and conformity with federal standards is a convenient basis on which to justify program reductions. We believe that the child care reimbursement rate should be revisited by Congress, and that states like California which have made commitments to quality care should be permitted to continue to do so with full federal participation.

Employment and the 100-hour rule

I'd also like to make a brief point about the 100-hour rule. This is another of AFDC's arcane rules which makes two-parent AFDC-Unemployed Parent families ineligible once the principal wage earner works 100 hours in a month. This makes a family ineligible for any aid which could supplement earned income, even if the wages received are well below the amount a family would receive on AFDC alone. A worker reaching 100 hours, therefore, can make his family far worse off than if he or she worked fewer than 100 hours.

The impact of this rule may be reflected in official state GAIN data indicating that only 45% of AFDC-U families leave aid once the worker finds a job. This would suggest that over half of the AFDC-U recipients finding work are employed for fewer than 100 hours per month. Even allowing for the fact that some families may not be counted as leaving aid due to their failure to submit a monthly income report, this is a staggering figure revealing that huge numbers of recipients who do find employment are barely half-time workers. This could mean that many AFDC-U families consciously eschew more hours to avoid the trap of the 100-hour rule. I don't believe this serves any legitimate public policy.

Ultimately, the illogic of the 100-hour rule reveals the obsolete concept of "deprivation" upon which much of AFDC policy is based. Families are only assisted if there is a legitimate reason for their poverty apart from bare economic need. The most common basis of eligibility is the "continued absence of a parent." Two-parent households only qualify because the "deprivation" is based upon unemployment, which is defined by additional byzantine rules on connection to the labor market. The 100-hour rule makes sense only within this anomalous context, since a person working 100 hours is not "unemployed." The premise that one must demonstrate an additional element of "worthiness" beyond the presence of needy children in a family in order to qualify for subsistence aid is one that should be reexamined in any future efforts at "welfare reform." I don't think we need years of operation and study of "demonstration projects" to recognize the irrationality of this policy.

The Net Impacts of Employment

Finally, I want to suggest that in examining the success or lack thereof of JOBS programs, we should not begin and end with the premise that the only goal is to get families "off welfare." Those of us who advocate for the poor have long argued that the real problem is poverty, not welfare. I do not want to minimize the personal satisfaction many in GAIN feel when they find a job, even if that job is not one which provides enough in wages and benefits to put a family substantially over the poverty line. But in judging a program comprehensively, we think it should aim to significantly improve the economic fortunes of those at whom it is directed, not merely substitute one form of income for another without increasing the family's ability to meet its needs.

When gross employment statistics are cited, it should not be assumed that GAIN or JOBS is responsible for all, most or even a substantial portion of jobs found by recipients. State GAIN data count anyone who finds work and is registered with GAIN, regardless of participation in any component. As we all know, many recipients find work on their own without assistance from any employment program. The MDRC report on San Diego's SWIM program found that over half of the single parents and 62% of the AFDC-U's in the "control group" who received no services found employment in the two-year follow up period.

Secondly, even what have been interpreted as "successful" results in these programs are indeed questionable when viewed from the point of view of the participants themselves. The "cost-benefit" calculations performed usually show little or negative net benefits for AFDC recipients. This was also true of SWIM. When "gains" (earnings, fringe benefits, supportive services) were measured against "losses" (taxes, lost AFDC and other benefits), the single parent families barely broke even (\$39 to \$151 more gains than losses, but over 5 years), while the two-parent households slightly lost out (minus \$37 to \$67). Moreover, these studies considered supportive service payments to program participants a "gain," but did not deduct the cost of paying for the services. Therefore, the "gains" were overstated by \$72 for single parents and \$48 for AFDC-U participants. Moreover, the study did not measure the post-program impact of added child care costs and lost Medicaid for employed participants. The true "net costs" to participants, then, cannot be known from the data gathered in these studies.

MDRC is performing a more comprehensive study of GAIN, which will include a number of personal interviews with participants and collect information on areas not part of previous studies, but, as I understand the methodology, the added information from these interviews cannot be incorporated into the numerical "impact" and "cost-benefit" calculations. I do not mention this to dismiss MDRC's studies, all of which have provided extremely valuable data and information essential to an understanding of the these programs. I do want to emphasize, however, the inherent limits of such studies, and the careful scrutiny which must be given to them in judging the value of the programs assessed to the lives of the poor at whom they are directed.

CONCLUSION

As advocates for the poor, we want programs such as JOBS to better the quality of life for poor families who are struggling with subpoverty income. For us, it is not enough to reduce welfare costs; we want to see improvements in the well-being of our clients through better education, training, jobs and wages. The Family Support Act contains some features which will help a limited number of AFDC families improve their fortunes. Much more needs to be done, however, both in enhancing the Act's commitments and, we hope, addressing further welfare reform and anti-poverty efforts which look beyond the welfare system.

Mrs. JOHNSON. Thank you, Mr. McKeever. You have raised many interesting points in your testimony, and I hope we will have a chance to discuss them after the other panelists have commented.
Dr. Coleman.

**STATEMENT OF ROBERT W. COLEMAN, GAIN ADMINISTRATOR,
SAN DIEGO COMMUNITY COLLEGE DISTRICT, ON BEHALF OF
CONSORTIUM OF HIGH SCHOOLS AND COMMUNITY COLLEGES**

Mr. COLEMAN. Thank you for coming to San Diego and listening to us. I am Bob Coleman, and I am chair of the GRAD Consortium which is an informal consortium of six school districts, two community colleges and four high schools. I am also the GAIN administrator for the San Diego Community College District Continuing Education Program.

I have been involved in planning and implementation of GAIN since the summer of 1986. Now, what we do in my part of GAIN is the ABE-GED prep and ESL. I am not involved in any college credit programs, as referred to by Mr. Boyle and Mr. McKeever. But we California educators feel we really have a big head start on the implementation of the Family Support Act of 1988 as we have been working with the California GAIN Program. We do realize there will be some changes, but I think from our standpoint they will not be really very significant.

We will, of course, have more younger clients as we get more whose youngest child is between 3 and 6, and as we get more teen mothers.

The educational institutions of San Diego County, those dealing with the noncredit or adult education programs, are particularly proud of the collaboration we have had in the implementation of the GAIN Program and the minimizing of duplication and getting the maximum results from the resources used.

These six districts have formed this consortium to work with the department of social services and with PIC-RETC to provide uniform, high quality educational services using the resources available from all three agencies. The first lab that you visited this morning was equipped with PIC funds and is being operated by the San Diego Community College district regular apportionment funds, plus the DSS excess cost funds. And we are aware that GAIN and now JOBS exist to place clients in jobs.

The role of education, our part of the education is to bring the 60 percent of the clients whose educational skills were found too low to allow them to succeed in the job market or to benefit from JOB training up to the point where they can be successful in meaningful careers.

Early in our planning for GAIN, we made the decision that we could achieve this more quickly and with better overall economic efficiency by the extensive use of computer-assisted instruction. And as you saw this morning in those computer labs, nobody was being held back by a slower student. Everyone was working at their own pace on their own programs. However, the cost for San Diego County of establishing 20 or 30 such labs in the six schools was far more than the schools could afford. So, our first labs were established by the PIC funds, and later DSS start up funds.

Those labs are also more expensive to operate than if we used a traditional or a lecture type program. We could sit 30 or 40 people and have a teacher lecture to them and it would be far cheaper than the operating of a computer lab. It would also be far less efficient and effective and the students would be around two or three times as long before they achieved their goals. And the success of the labs has met our expectations in terms of getting people through quickly, and it has also provided some unexpected positive fringe benefits.

We thought that the students would go at their own pace and move through the program rapidly without waiting for slower students. Sure, that has happened. We have over 700 people that have gotten their GED's from our labs. We have about 1,000 who have reached their ABE goals. The GED students have reached their goal in about 3½ months. The ABE students, in just over 3 months.

So, even though the cost per hour for the students is higher in the computer labs than it would be in a traditional classroom, we feel the overall costs are less because we do not pay AFDC as long because we get them through more quickly.

One of our unexpected benefits, though, from the labs is the improved self-image of the students. The fact that the students were able to come in and in a relatively short time be using computers did great things for their self-image. This helped convince them that they were not the inferior beings that the mythology of Washington and the rest of the country says that AFDC recipients are.

Another of our unexpected benefits is the affect on the children of our students. When the students go off to work to school each day, our students, their children see that their parents are placing importance on academic learning, and we are getting reports from the children's teachers that the children's attitudes at school are changing, and also that their grades are improving.

Now, we might be able to do this even better if we were able to get the children and the parents together at the same site which we do not do now. Mr. Jacobsen mentioned the possibility of this at the one intercity elementary school and we are talking about that and trying to work on plans for it.

Now our students come to adult education sites. In many cases, those are store fronts, not the typical elementary or secondary school where they were unsuccessful. Many of our students are also reporting that they are able to help their children with homework for the first time, and this, of course, does a lot for their self-image and for the parent/child relationship. When the children could see that their education was ahead of their parents, it is a little difficult to respect the parents.

I would like to congratulate the legislators both in Sacramento and Washington for their recognition that any long-term solutions to welfare dependency requires some academic improvement and not just to place in a minimum wage dead-end job.

I would also like to urge that there be some provisions for some long-term follow ups of today's GAIN and JOB participants. I do not think the real value in the program is the fact that in San Diego County 14,000 AFDC recipients have been employed, or that the savings have been \$1 million more than—the expenses have been \$1 million less than the savings. I think what is really impor-

tant is what happens the next few years. And if the people continue to stay off the welfare roles and in some cases breaking a multi-generational dependency cycle, then we can see some savings that will really be enormous, and savings not only in money, and we are concerned about that, but also in the life of the people who look forward to something other than a life of welfare dependency.

I thank you very much for visiting our center this morning. The centers you saw were only 2 of the 22 that exist in San Diego County. They were not necessarily the best. They were the closest. Although since they were in my district, they were good. All 22 centers in the county are good, but we took you to the ones that were nearest.

Thank you.

[Statement of Mr. Coleman follows:]

TESTIMONY OF DR. ROBERT W. COLEMAN
TO THE
HUMAN RESOURCES SUB COMMITTEE
OF THE HOUSE WAYS AND MEANS COMMITTEE

My name is Bob Coleman and I am the chairman of GRAD, and GAIN Administrator for the San Diego Community College District. I have been responsible for the planning and administration of GAIN since the summer of 1986 in the area of GED, ABE and ESL. I am not involved with the college credit programs referred to by Mr. Boyle and Mr. McKeever. Thanks for the opportunity to speak to you.

We in California and in San Diego in particular feel we have a big head start on the implementation of the Family Support Act of 1988 as we have had 3-4 years experience operating the California GAIN program.

As we have more experience with the family support act we will have to make a few adjustments for the differences from GAIN.

The Educational Institutions of San Diego are particularly proud of collaboration in the implementation of the GAIN program and thus minimizing duplication and getting maximum results from the resources used.

The six districts, two college and four high schools that deliver Adult Education services to AFDC clients organized an informal consortium (GRAD) to work with DSS and PIC/RETC to provide uniform high quality educational services using resources available from all three agencies.

The first lab that you saw this morning was equipped by PIC/RETC funds and operated by the San Diego Community College District with regular state apportionment and DSS excess costs.

GAIN and now JOBS exist to place AFDC clients in jobs. The role of education is to bring the 60% of clients whose educational skills are too low to allow them to succeed in the job market or to benefit from the job training up to the point where they can be successful in meaningful careers.

Early in our planning for GAIN we made the decision that we could achieve this more quickly and with better overall economic efficiency by the extensive use of computer assisted instruction.

The cost of equipping and operating the 20-30 computer labs that would be needed was beyond the financial capabilities of the school districts. By using PIC/RETC and DSS funds for start up and excess costs of operating the labs we were able to establish labs about as rapidly as DSS could provide clients to fill them.

The success of the labs has met our expectations and provided some unexpected positive fringe benefits.

We anticipated that use of CAI (Computer Assisted Instruction) would allow each student to work at his/her own pace and thus allow each to move through the program as rapidly as possible without waiting for slower students. It also enabled us to take new students at any time without concern for fitting with a class. The over 700 students who have completed the GED in San Diego County have spent an average of 3.7 months in the program. The approximately 1000 students whose educational goal was ABE (Adult Basic Education) reached their exit score level in 3.2 months.

Thus, even though the cost per hour for students while they are in the computer labs is higher than a traditional classroom would be,

we feel that accelerating their movement through the educational remediation portion of the GAIN program and thus their movement into employment and reduction or elimination of AFDC payments far more than pays for the additional hourly costs in the labs.

One of our unexpected benefits of the use of the CAI labs was in the improvement of the self esteem of the students. The fact that they were able to use computers helped convince them that they were not the inferior beings that current societal mythology would have us believe welfare recipients are.

Another of our unexpected benefits is the effect on the children of our students. These children now see their parents considering academic work of value and we get reports of children's attitudes toward school and their grades improving after their parents participate in the GAIN program. Many of our students report that they are able to help their children with their homework for the first time.

I congratulate legislators both state and federal for their recognition that any long term solutions to welfare dependency requires improved academic skills not just placement in a low level dead-end job.

I would also like to urge that provisions be made for long term follow up studies of today's GAIN/JOBS participants. The real value of the program is not that almost 14,000 AFDC recipients have become employed and that AFDC grant savings have now exceeded GAIN program expenditures but is what happens in the future. If those now employed stay off the welfare rolls for the next 10-15 years and their children do not follow as AFDC recipients, the savings will be enormous. So the really big benefits of GAIN/JOBS will not be known for many years.

Thanks for the opportunity to speak to you.

Acting Chairman DOWNEY. Well, we were very impressed with it. Mr. Fear, if you would proceed and if you could summarize your statement for the subcommittee.

STATEMENT OF RALPH J. FEAR, CHIEF DEPUTY DISTRICT ATTORNEY, FAMILY SUPPORT DIVISION, COUNTY OF SAN DIEGO

Mr. FEAR. Mr. Chairman, members of the committee. Thank you for this opportunity.

My name is Ralph Fear. I am the deputy district attorney in charge of the family support division, county of San Diego district attorney's office which is in charge of the child support enforcement program in San Diego as required by title IV-D of the Social Security Act and State law.

My division is responsible for opening cases, locating parents and their assets or income, and then proving up and obtaining a valid child support order in the courts of law. I have 10 attorneys, 45 caseworkers, 60 clerks. By plan of cooperation the department of revenue and recovery then picks up when I leave off, opens the account, does the billing, does the collecting and does the distribution, special enforcement procedures which do not require court hearing such as tax intercepts and that type of work.

The county department of social services is responsible for all of the appropriate welfare cases, and assists my attorneys by providing statements of aid so we can get reimbursement for the AFDC money paid out over a 3-year period. Between those three departments, we have added another 120 to the program in staffing.

San Diego County is growing fast as I am sure you saw in your drive around both yesterday and today. The program is growing fast; that is, the IV-D program. In fiscal year 1986-87, we collected just over \$27 million at a cost of \$6.5 million. In fiscal year 1987-88, we collected \$30.5 million at a cost of \$8 million. In fiscal year 1988-89, we collected \$31.7 million at a cost of over \$8 million. We are projecting for fiscal year 1989-90 collections at \$34.5 million at a cost of approximately \$9 million.

My active case load is 64,000. I am adding about 2,000 new cases per month. If you count my active and inactive cases for which I am responsible, it is over 140,000. Project that nationwide, treat me as a State, I am about 26th in the Nation. Effective April 1, I pick up medical needy only families. Conservatively, another 5,000 cases this year.

If the President's budget proposal to add in food stamp recipients comes through, we have no projection of what that is going to do to our caseload. If it does come through, I venture to say that the 1 year backlog I have in working cases is going to go to 2 years before you can get a case into a paying account status.

San Diego County child support program does not have modern automation unless you want to call some electronic memory typewriters, three Lanier word processors 10 years old and a 25-year old accounts receivable system and a couple of personal computers. With this background, I should mention our success and failure in 1984 amendments because it brings us to 1988, and what the complex problems that are facing us.

The 1984 changes were major. Income withholding, no problem. We already had wage assignment laws. But your law let us make it so that whenever I wanted a wage assignment, irregardless of whether there is an arrears figure, I got it.

Expedited processing posed a problem. San Diego County did qualify for an exemption. We should qualify again.

Property liens, we already had that as part of case opening, account opening.

Consumer credit reporting—State law provided it. Nobody really did it. Now we have the law, we will be doing it.

Intercept of State tax refund moneys—we have been doing that since 1978. Intercept of Federal tax moneys—your 1984 laws allowed us to fine tune our program. The one problem we faced was how to explain to the nonwelfare parent that her arrears had to be \$500 whereas for the welfare parent, her arrears only had to be \$150 for the IRS interception.

Health insurance coverage orders came along a little bit later. They have given us problems. Our biggest problem—we do not know how to enforce it. We have got to get that health insurance and, in fact, according to Federal regs, we have got to go in and lower the child support order in order to allow him to get the health insurance coverage once we get the order. The only recourse we have at this moment is contempt, and that is not going to do it.

Mandatory child support guidelines came in 1986. Statewide it set minimum standards but allowed the individual counties such as San Diego to adopt higher amounts and encouraged all courts, all counties, to award more than the minimum standard if there was financial responsibility or resources available. Our courts in this county enacted some county guidelines, applied them across the board to my IV-D cases.

Then we had new reporting requirements that completely changed our system. Remember, mine is a manual county. I do the reports every month. I take a full day, gather manual statistics from my supervisors, sit down with a pencil, paper, work sheet, and a calculator.

Audit requirements involve untold number of hours. Still, as I say and as the figures show, our collections went up, probably most because of child support guidelines and wage assignment.

Then we come to the 1988 amendments, and our success or failures. Immediate income withholding should not be a problem. We have had income withholding or wage withholding statutes since the 1970's. Of course, we have had to change our law to meet Federal law, but we should do OK.

Payment of \$50 disregard on collections from income withholding is going to require a lot of work and a lot of manual application of funds. The accounts receivable system in revenue and recovery can handle routine things. But under the proposed or the required regulations coming into effect, if the employer takes the money the 25th of this month and we get it on the 5th of next month, that cannot go through the automated system. Regs say I have to treat it as if that money came in on the 25th to me, and then pay the \$50 disregard out. I do not know if any automated system in the Nation that can handle this. The most modern system in this State, San Francisco, cannot handle it.

As indicated earlier, we have a mandatory child support guideline in this State. Federal staff is indicating it does not meet the intent or the law of Congress because there is perhaps a statewide minimum per statute, a judicial council minimum and then potentially 58 county minimums. So, we are going to relive the whole thing: legislature, judges, private sector attorneys and the administrators. Apparently it is the intent of Congress. I wonder.

Another of the 1988 amendments requires each State establish a system for a systematic review and modification of all child support orders, comparing these orders against the guideline and then taking necessary legal action to modify the orders to conform to the guideline. The proposed regulations indicate that this means we are going to modify all orders, even if it means modifying them downward at the request and application of the paying parent. This is ridiculous. That is putting us completely off course from what we have been doing since 1974. We are not representing the interest of the child. When we do that to an order which a non-AFDC mother maybe spent 2 hours getting, we are ruining her chance to raise her child.

It now appears we will have to—we will not even be representing the child in those cases. It raises further issues to me ethically as an attorney. Who do I represent? If I do not represent the child and I do not represent the mother and I do not represent the father, what am I doing here?

Current Federal law requires that the IV-D agency issue an annual notice of collections even if those collections are zero, and that it go to all welfare families, current welfare families and all former welfare families if there was a collection made in that year.

We can do that. Now the law says I have got to do it quarterly, if not monthly. I might be able to do that if you are willing to foot the bill. The problem that I have is every one of those notices generates a phone call, not because the notice says you have to call, but because the clients do not know what the notice is. Why are we getting this?

Now they get it once a year. Now we are going to have it four times a year. The calls come to the 4-A agency, that is, the welfare department, Mr. Jacobsen's office. His staff just had to reduce their public hours to handle AFDC clients and other programs and get the paper work done. Now their phone calls are going to increase. I do not think they are going to reduce public hours to handle more of those phone calls.

Furthermore, the information, when we finally explain what the notice is all about, the information on the alleged absent parent really is not that helpful.

California does not have a simple paternity process because we have certain legal requirements that have to be met, but I know my county and most of the counties in the State have refined that legal process so it runs smoothly and quickly. To increase those numbers, we are going to have to get more courts, more staff, more attorneys. I do not see that coming when our criminal courts cannot even get cases through meeting stricter time frames.

The 1988 amendments also require prompt action on our case processing, establishment of orders and payment of collections. Federal regulations have expanded upon this and set specific time-

frames. Because of my high caseload, and lack of automation, I doubt if I am going to meet but one or two of those required time-frame. Even an automated county such as San Francisco is going to have problems.

I will give you an example. One of those regulations requires that within 20 days of locating an absent parent in the State of Nevada, I have got to file an interstate petition. Assume there is a divorce order in Florida. Before I can file that petition, I have to have a certified copy of that divorce order to send with the petition. It might take me 6 months to get a copy of that order.

I have got 2,000 interstate cases right now to process. If you have an absent parent in another State, that is going to be a year before I look at your case. If I reduce that to zero, I am still not going to meet the 20-day time limit.

Federal law and regs now establish that by 1995 we have an automated system. We do not have statewide automation in California in the child support program. We do not have it in the welfare program. We are working toward it. Since 1985, I have had staff working with State to put together some type of plan. I think we finally are on the right track.

This county, as I said, does not have countywide automation. Since 1986, we have been working with county staff, with some State and Federal help, to put things together. Within the next 2 months, I hope to present to this board of supervisors a proposal that we go out for bid for a truly automated system. But until we come up with that and/or added staff, we are stuck. We will continue to do as we have had to do to meet the initial requests for new paternity data. I pull myself and my staff off normal duties for 1 week to identify and track down and find and open up and read 2,000 case files to find out how many children were born, how many had paternity established, and how many did not. Then compile all the data and send it up to the State to meet the Federal law requirement.

Similarly, I directed up to six staff from interstate and locate work, plus six clerks, plus myself at times, for a 3-month process to come up with a list of cases, open and closed, for an audit. In 3 months, the backlog increased. The project took over 3 months. It is still finishing up in its stages.

As I said, if you are a custodial parent in San Diego seeking to locate the absent parent, it is going to take us about 1 year from the day you apply before we even look at the case.

Finally, the 1988 amendment requires some new statistical information. That is, if I recall it, the number of cases in a locate mode and which paternity has to be established and the number of the cases in which we have located in that status. No county keeps statistics that way. In fact, the statistic reports we are giving you now are misleading. Part of them give you status, part of them give you case count, and part of them just give you communications. As I say, if we can even come up with the base figures, it is all manual.

With these problems, my staff is dedicated. They put in 8 hours a day plus. One of our better achievements and it came before the 1988 amendments but I think it is going to continue, is to improve our IV-A, IV-D interface. We asked them early on to join us in our automation effort, and my staff asked them to join us in looking at

mutual problems. Since then we have come up with regular, routine monthly, if not quarterly meetings. The agenda comes from line staff, from line supervisors. The results: better communication, proactive solutions to old and new problems.

I close this then with the following observation. As I said, we put in 8 hours-plus. Federal law, both 1984 and 1988, has enhanced our ability to do the job. But at the same time the overregulation and the new law requirements are putting added burdens on us. To meet it all, something has got to give. Our primary job is collection and establishment of child support. Something is going to have to give until we get automated and get the staffing, and I think it is going to be audit compliance, which is going to cost everyone money and it is going to be less statistical report or less valid statistical reports.

Thank you for this chance to speak as a typical county child support administrator in the program. If you have questions, I will do my best to answer them.

[Statement of Mr. Fear follows:]

PRESENTATION TO HOUSE SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS, MARCH 26, 1990, SAN DIEGO, CA.

MR. CHAIRMAN, MEMBERS OF THIS COMMITTEE:

My name is Ralph Fear. I am a Deputy District Attorney for the County of San Diego. Since 1982, I have been Chief of the Family Support Division of the District Attorney's Office in charge of the County's child support enforcement program as required by Title IVD of the Social Security Act and applicable California state law.

My division is responsible for opening cases, locating absent parents, and verifying their financial status to pay support, establishing paternity and support orders, and prosecuting judicial enforcement proceedings. I have a staff of 10 attorneys, 45 caseworkers, and 60 clerks. In addition, the San Diego Department of Revenue and Recovery and the San Diego Department of Social Services, by plans of cooperation, assist in the program. Revenue and Recovery is responsible for all accounting, collecting, billings, and fund distributions and is responsible for special enforcement remedies such as intercept programs and liens services in addition to routine enforcement remedies, such as income withholding, that do not require a court hearing. The County Department of Social Services is responsible for referral of all appropriate AFDC related cases to FSD and for application of welfare collections received from R&R; in addition, DSS prepares statements of aid paid, distributes the \$50 disregard, and produces the annual notice of assigned collections. Between the two departments, another 120 staff support FSD in its charged duties.

San Diego County is one of California's rapidly growing metropolitan counties. Population, business and industry are on the rise. With that increase, so too has there been an increase in the IVD Program. In State fiscal year, 1986/1987, we collected just over \$27 million dollars at a cost of \$6.5 million. In fiscal year, 1987/1988, collections were \$30.5 million at a cost of \$8 million. Fiscal year 1988/1989, collections were \$31.7 million at a cost of over \$8 million. Projected fiscal year, 1989/1990, collections are at \$34.5 million at a cost of \$9 million. Our current active caseload is in excess of 64,000 and growing at the rate of about 2000 per month. If you count our active and inactive cases, we have a total caseload of over 140,000, probably making us 26th in the nation if you were to consider San Diego County as a separate state. Effective April 1, 1990, medical needy only families will be referred to my office for full child support enforcement services. A conservative estimate from state officials indicates that this new source of referrals will add about 5,000 cases in the first year; beyond that, it is anyone's guess how many new cases will be sent to us. Moreover, if the proposal in the President's budget to have all recipients of food stamps referred to my office for child support services, I believe my staff will be inundated with new work such that current backlogs will be extended to 2 years or more for even a simple case to get through the system and into a paying status.

The San Diego County child support enforcement program does not have modern automation, unless you call memory typewriters, 3 Lanier word processors and a couple of personal computers modern automation. Revenue and Recovery has a 25-year-old automated accounts receivable system which helps, but it cannot begin to meet all the requirements of the program. In short, the county program is basically a manual program.

With this background, I am here today to report to your on the successes, failures, and problems San Diego County is having in implementing the child support provisions of the Family Support Act of 1988. To set the stage for those remarks, I must first briefly comment

on our failure and success rate in implementing in Child Support Amendments of 1984.

As you know, the 1984 federal changes were major enhancements to the program. Several of them were already in place in California, while others were not. Briefly San Diego County met them as follows:

Income withholding -- California had a wage withholding statute and after 1984 strengthened it more such that any time the IVD agency requested wage withholding, a court had to grant it rather than wait for an arrearage to arise.

Expedited process posed initial problems, but San Diego qualified for the exemption initially and should get another exemption later this year.

Property lien activity was already a part of the enforcement program and was nothing new to San Diego.

Consumer credit reporting by IVD agencies was not routinely used as an enforcement tool, although state law allowed it. State law now requires use of this enforcement procedure by all counties and we will be able to comply since it is modeled basically after our tax intercept program.

Intercept of state tax refund monies had been done since 1978, so Federal Law did not change much. IRS intercept procedures were already in place and were fine tuned, except that staff had a hard time explaining to the non-welfare parent that unless the overdue amount was at least \$500 (vs. \$150 for welfare cases), the case could not be submitted.

Health insurance coverage orders were hard to get, since federal regulations and statutes did not provide much guidance to us or our courts as to what was a reasonable insurance cost. Monitoring of these orders for compliance with their terms is purely manual and on a hit-or-miss basis.

Mandatory support guidelines went into effect by state law in 1986 and were statewide in setting minimum awards, but allowed individual counties to adopt higher guidelines and encouraged all courts to award more than those guidelines if the financial resources were available. San Diego County courts adopted such guidelines and applied them in all IVD cases to our benefit.

In the area of new reporting requirements, county systems had to undergo drastic changes to meet new federal requirements. Much of the accounting reports are done by old automation and manual reconciliation, while all of the status reports are manually prepared. Audit requirements continue to require an inordinate amount of staff time that could be better put to use in processing cases and preventing backlogs.

Still, during the period between 1984 and 1988, collections of child support -- welfare and non-welfare -- rose. As they did, so did the number of cases requiring attention.

Now I come to the 1988 amendments to Title IVD and their implementation in San Diego County's child support enforcement program.

Immediate income withholding should be no problem. California state law, effective July 1, 1990, is patterned after federal law and we can implement its provisions.

Payment of \$50 disregard on collections from income withholding may well require a case by case review and distribution of funds. Federal directives from the Office of Child Enforcement instruct that the date the employer withholds the payments, is the date to be used for payment of disregard. Thus, if the employer withholds the money of the last day of the month and we get it of the 5th of the following

month, we will have to manually adjust the account back to the prior month and report that information to IVA who will then make the disregard payment. Revenue and Recovery's automation cannot do this; no automated system I know can do this.

As indicated earlier, California has a minimum mandatory child support award guideline. Those rates are reviewed and adjusted annually against the AFDC grant sums. However, proposed federal regulations appear to put our statutory scheme in jeopardy. Apparently federal staff believes that since our state law requires that each county have its own county guidelines with amounts higher than the statutory minimums, California is out of compliance with federal law. Federal staff's rationale is that since each California county could have its own guidelines, then the minimum guideline contained in our statute is not truly a statewide guideline, even when the county guidelines require higher support payments. Federal staff has indicated that the intent of Congress is to have one and only one guideline per state. California IVD administrators, judges, legislators, and the private bar will have to review the entire area if California is to meet what federal staff says is federal law and is the intent of Congress.

Another of the 1988 amendments requires that each state establish a system for systematic review and modification of all child support orders, comparing those orders against the mandatory guidelines and taking necessary action to modify the orders to conform to the guidelines. Federal staff has indicated that this means modification of all support orders that my staff is enforcing, including orders that the individuals obtained before IVD Program got involved in their enforcement. In addition, federal staff indicates that in reviewing the cases, if necessary and on limited information from the obligated parent, we must take action to modify downward the support order at the request of the paying parent. This requirement is a complete reversal of what our role has been to date, that is, to establish and enforce support orders for needy children. It now appears that we will not be representing the child when we are forced to bring the cases to court for downward modifications, even orders we obtained for a welfare recipient.

Current federal law requires that the IVD agency or its contractor to issue to all existing and former welfare families an annual notice of collections of child support. San Diego County can do this and is doing it. The 1988 change requires a quarterly, if not monthly notice. San Diego County can probably do this, but with added costs to the program, both in putting the notice out, and in answering the follow-up phone calls that generally only seek to find out what this notice means. I should note that in San Diego these calls are routed to the IVA agency which just recently obtained approval to cut public office hours so that staff could process applications for assistance in a timely manner pursuant to federal and state law. I do not think the county will cut these office hours further to answer more phone calls. Furthermore, our experience is that the callers really do not add new information to our cases that would help us in collecting more child support.

California does not have a simple process to establish paternity and probably will not have one in the foreseeable future. San Diego County and other California counties have refined our procedures, within current state law requirements, to process these cases as quickly and smoothly as possible. At present, we could only process more if we had more staff and more courts to hear the cases. This is true in the majority of California counties, and neither I nor my fellow administrators see that occurring within the foreseeable future since our state courts are already strapped to hear criminal cases in a timely manner.

The 1988 amendments also require prompt action in processing cases, establishing orders, and paying out collections. Federal regulations have expanded on this and set out specific time frames for all major case activities. Because of our high case load and lack of automation, San Diego County will not meet many of these time

standards. Even an automated county, such as San Francisco will have problems meeting all of the requirements, since we are talking in terms of several hundred court actions that have to be prepared and filed within the mandated 90 days. Or consider the requirement that within 20 days of locating an absent parent in another state, my staff must file and initiate an interstate child support case. At present, I have a backlog of over 2,000 interstate cases awaiting filing of an interstate petition to enforce a support obligation. Even if that backlog were reduced to zero, I seriously doubt if my staff could meet the 20-day time. To file the case, we have to include copies and any existing child support orders that may have been entered in another court and often it takes weeks, if not months, to get such orders. In short, federal regulations appear to have been drafted with the best of intentions -- prompt service to all in need -- but with no prior understanding of what it is to work in the trenches and perform the required activities to get a child support order. San Diego County will try but will not meet all of the time frames.

Federal law and regulations have established that by October 1995, each state shall have an automated system to track and monitor all child support cases in the state. California does not have state-wide automation. Since late 1985, county staff has worked with state staff to put an automation plan together to meet federal requirements. Only recently has that effort begun to bear fruit with the hiring of a contractor to develop an orderly plan for automating California.

San Diego County has little in the way of effective automation. Since 1986, county staff has worked to bring in an acceptable system to meet federal, state, and county requirements. Within the next 60 days I anticipate that the Board of Supervisors will be asked to allow my office to release a request for bid to provide the county IVD Program with a truly automated system. Until the county program is fully automated, we will continue to have problems meeting the many federal regulations involving reporting, tracking of cases for timely action, and prompt response to requests for our assistance. In short, San Diego will continue to do as it had to meet the initial request for paternity case information as part of the new requirement that each state increase its paternity establishment rates -- I pulled all staff, myself included, away from routine work for a week to manually identify and research 2,000 case files to extract the required data so that the state IVD office could meet the federal requirements. Similarly, I directed up to 6 staff away from normal interstate and locate duties and 6 clerical from file processing to handle the requirements that we produce a listing of cases opened as of 12/31/89, and closed during the period of 4/1/89 through 12/31/89. This project took over 3 months to complete and caused more cases to be backlogged for work. As a result, if you are a custodial parent in San Diego, seeking to locate the absent parent, it will be about a year before my staff will look at your file. Furthermore, if the absent parent is located out of state, it will be almost a year before action to start an interstate case will occur.

Finally, the 1988 federal law requires new statistical information from the states and California counties. This data is currently not maintained by any California county. In San Diego, the data will have to be manually collected and reported just as I now reported monthly case data, if we can even begin to gather the information.

With all of these problems, the county's IVD staff is dedicated to the program. One success has been to improve the interface of IVD and IVA Programs. Initially, IVD staff asked IVA staff to join in the effort to seek new automation. IVA staff readily agreed and has been in on all phases of the plan. IVD staff has always had a presence in the IVA offices where welfare applicants first seek help. Part of the county's IVD process is to require that the IVA applicant meet with and be interviewed by a IVD worker. This has paid off by getting more accurate information early on in the child support case process. With our experience in the automation committee, IVD asked and IVA accepted the challenge to form a formal Interface Committee to meet periodically to review current interface problems and propose solutions. As a

result, communications of new requirements, pro-active solutions to new and old problems, and ideas for improving the processes for both departments have been outstanding. The agenda of issues to be addressed has been generated by supervisors and line staff in both programs and is enhancing both programs.

I close this presentation with the following observations. San Diego County IVD staff is dedicated to the program and is putting in a full 8 hours per day for the program and often more than that. Federal law has enhanced our ability to do that job, but at the same time the federal regulations implementing that law have put added burdens on us. To meet all of the new requirements, the program must add staff and automate and to do that we must compete financially with other high profile county issues such as jail crowding, congested courts, and lack of adequate facilities to treat persons who need mental health services. Our first job remains enforcement and collection of child support -- cases counts, statistical reports, and case lists for audits will have to be done as time permits until such time as the county and state are automated.

Thank you for this chance to review with you San Diego County's experience in implementing the 1988 child support amendments.

If you have questions of me concerning the county program or my comments, I will do my best to provide the answers now.

Thank you.

Acting Chairman DOWNEY. Thank you, Mr. Fear.

Dr. Coleman, Mr. McKeever, thank you for your testimony. I was very impressed. If that was not one of your better facilities, I would like to see the better ones, Dr. Coleman. They were really something to see.

Mr. Fear, according to the State of California's legislative analyst, the county of San Diego ranks 54 out of 58 counties in the recovery of AFDC payments for child support collections.

Mr. FEAR. That is correct.

Acting Chairman DOWNEY. Is that correct?

Mr. FEAR. That is correct.

Acting Chairman DOWNEY. Also, San Diego was well below average in the amount spent on collecting child support relative to AFDC payments.

You have alluded to the fact that you do not have an automated system and that the county has not spent the sort of money I think you would probably like to see. Would you attribute those particular reasons to this performance?

Mr. FEAR. We also have the second or first highest AFDC payout in the State. So you are putting out \$26 million a month, and I am bringing in maybe \$1 million in a month which none of the figures take that into account, which I think is unfair.

Acting Chairman DOWNEY. What about the amount spent relative to AFDC payments? You are just saying that you are taking in as much as you need versus—

Mr. FEAR. Without giving me twice the number of staff and state-of-the-art automation, I am not going to do much more.

Acting Chairman DOWNEY. You mentioned that San Francisco was automated.

Mr. FEAR. San Francisco has some automation, but they still cannot handle this horrendous financial accounting situation that we are placed in.

Acting Chairman DOWNEY. Have you seen the Massachusetts model, how they operate?

Mr. FEAR. I have seen parts of it.

Acting Chairman DOWNEY. What do you think of it?

Mr. FEAR. It sounds good. There are several out there. Unfortunately, Federal staff will not tell us which ones are best.

Acting Chairman DOWNEY. All right.

Mr. FEAR. They leave us floundering for 3 years, coming up, trying to come up with—

Acting Chairman DOWNEY. Yes; you have given us some good suggestions here about how we may have imposed burdens on you that are counterproductive to what you want to do, and Mrs. Johnson and I will go back to make sure that our conversations with the Family Support administration—

Mr. FEAR. I am most concerned about this modification requirement. It means I go in this month, get a child support order of \$150 a month, and before the month is over he can come to me and I have got to look at it to modify it?

Acting Chairman DOWNEY. Right.

Mrs. Johnson, questions?

Mrs. JOHNSON. Thank you.

Do we have a copy of your testimony that was given?

Mr. FEAR. No, ma'am. I was unable or uncertain how many copies to bring, or that I should bring it today. I plan on submitting appropriate number of copies to your staff.

Acting Chairman DOWNEY. Please do.

Mrs. JOHNSON. That would be very helpful, because some of the things that you have raised are really terribly important and we will follow up on those.

Mr. FEAR. I certainly will, ma'am.

Mrs. JOHNSON. Yes. And Mr. McKeever, I thank you for your testimony. You raised a number of interesting points. Do cover them completely in your written material, and we will follow up on those that we are able to.

Your frustration with our inability to provide the education that would enable a person to have the highest income job is a frustration that I share. But it is not one that a lot of my colleagues share, and I will tell you why. I introduced a bill that would pay for people to go to the highest level of education they could possibly accomplish. One of my colleagues said to me one day, you know, I have got a lot of people who are marginal earners who are sending themselves through community colleges.

At what point do people take the responsibility to get that extra measure of education to increase their income on their own, when there are a lot of folks out there doing it? And this is what lies behind the high participation standards for the unemployed parents program.

We accepted those high participation standards as a trade off for making that a mandatory program throughout the states. We have made some progress, but I think the cliff element that you cite is a real problem and it is a very big philosophical problem that I certainly cannot offer you hope that we will solve this problem in the near future.

Thank you for your testimony. It was very interesting.

Acting Chairman DOWNEY. I thank the members of the panel. It was very helpful. Thank you.

The subcommittee will next hear from Ray Koenig who is director of the JOBS Program and who will introduce two of the participants, Theresa Matos and Myisha Mack who have participated in the work and training program. Ms. Matos is off welfare and Myisha Mack, a teenage participant, is in the work and training program.

First of all, thank you for waiting for so long. I bet you never thought that congressional hearings could last quite as long as they have, but there is a lot to learn and a lot to do.

The most important thing that you should understand is that we are here to learn from you and that the best testimony you can give us would be either in your own words or from statements that you prepared.

I know that you are not Ms. Matos, Mr. Koenig, but if you would proceed, we would be happy to hear you. Your cards are backwards.

Mr. Koenig, if you would start.

STATEMENT OF RAY KOENIG, COORDINATOR, GAIN PROGRAM,
COUNTY OF SAN DIEGO, ACCOMPANIED BY THERESA MATOS
AND MYISHA MACK, PARTICIPANTS IN THE GAIN PROGRAM

Mr. KOENIG. Thank you. Good morning to you. My name is Ray Koenig, and I am the coordinator of the GAIN Program in San Diego County.

I have the pleasure of introducing a current and a former participant in the GAIN Program in San Diego County. First, I would like to introduce Theresa Matos. Theresa is a single mother of three children ages 8, 10, and 12. She has been on and off of AFDC since 1977. She participated in the GAIN Program and as a result of her participation is now off of welfare and fully self-supportive, and I thought it would be good just to kind of hear her story this morning.

Ms. MATOS. Thank you, Mr. Koenig.

Good morning, I would like to thank you for the opportunity to speak to you this morning.

Currently, I am working for the GAIN Program as senior administrative clerk with the Sweetwater Union High School District. I began with GAIN as a student in that same program, and the most important thing for me was the foundation that it laid down toward my education.

After completing with GAIN, I found that I had the willingness to go on. Currently, I am enrolled in college and I am hoping to become a teacher. I would like to teach in the GAIN Program as a way of giving back what I received. GAIN is a very important program, I think, for everyone.

There are, from what I have heard this morning, a lot of problems involved, but the basic thing for me was that GAIN provided the foundation that I would not have gotten anyplace else. It provided self-esteem, parent education. It did have a tremendous impact on my children. They are more motivated in school. Their grades have risen. I found out that my middle child was gifted, which was something that I do not think would have come about if I would not have started to become more involved in his education, whereas it made him more involved and his grades went up and the teachers started to notice. So, in turn, they tested him and found out that he was not a behavior problem, but rather, a very smart child, and he was actually just bored in the classroom.

But I attribute this to GAIN, because I did not have—I did not place as much emphasis on education as I do now. It is a very important factor to me, and I think it was just because school was not a positive thing for me, whereas, coming to GAIN, it was totally different and you are treated totally different in the GAIN program than you are in a traditional school.

The computers have a lot to do with it. They raise your self-esteem because you know computers exist. They are out there. But they are not something that you are in contact with on a day-to-day basis. When you go to the learning center and you have the computers, first of all, you are scared of them. But when you realize that you can actually do this, you go on, and that is where my interests are right now is in computer, and I love them, and I do not think I would have ever been exposed to them if not for GAIN.

So, it is a very positive program, and I just hope you guys do whatever is necessary to keep this program funded.

Acting Chairman DOWNEY. Where would you be if you had not been in the GAIN Program today?

Ms. MATOS. I would be on welfare.

Acting Chairman DOWNEY. Still?

Ms. MATOS. Yes.

Acting Chairman DOWNEY. So, you attribute the way they treated you initially and the circumstances of the program for ending your dependency?

Ms. MATOS. Yes, because when you are on welfare, after awhile as much as you hate it, you become a prisoner to it. You become an addict as an addict is to drugs, because you become afraid.

Acting Chairman DOWNEY. That is all right. Take all the time you need.

Ms. MATOS. This is very hard to admit. You become afraid and what happened is that you enclose yourself in your home and you stay there and you do not venture out. You teach your children to be the same way. You get an attitude that society is against you, in other words, and this is the means of them keeping you dependent to them.

Through the GAIN Program, all of this ignorance goes away. You become educated and you realize that you do not have to be a prisoner to welfare. You do not have to accept poverty. You can succeed. You can go out and the people who are working in the GAIN Program, especially, I guess, in San Diego is the only place that I have seen, but they are very supportive to their customers.

Just the fact that they do not call you a client and they call you a customer is a very important issue. So, I really do truly believe I would still be on welfare, and I would not be anywhere close to where I am today.

Acting Chairman DOWNEY. And you would not know that your middle child was gifted or any of this then.

Ms. MATOS. No; I would not be in college. I would not be working. I am totally off of AFDC. It is very difficult, but it is possible and that is something that I never thought was possible.

Acting Chairman DOWNEY. Can you tell me how much money you make now, Ms. Matos?

Ms. MATOS. Yes; I am currently making \$1,600 a month.

Acting Chairman DOWNEY. And that is enough?

Ms. MATOS. I am really—it is enough to survive, but GAIN gave me—how can I tell you—they gave me the motivation to go on. You see, I do not expect to stay there and I will not stay there. Someday I hope to be making \$80,000 a year. That is my goal.

I would have never dreamt that possible if I would not have had people backing me in GAIN, and they still do. I am working for them and I have my boss, who is a mentor to me, and she is everything I want to be.

Acting Chairman DOWNEY. Well, if we have programs like GAIN, I think you may have heard me before, around the country, we would have a much different situation. We would have many people like yourself who have a sense that they can succeed and that is really what it is about. I mean, we want to make sure that, to the extent we can from a national perspective, give people a

sense that we care about them. Even from far away Washington, we care about your success and that of your children. It is important to us.

Mrs. Johnson.

Mrs. JOHNSON. I think that sense of imprisonment is something that very few Members understand. We do have Members like my colleague from New York, Tom Downey, who really do and a few others, but to me it is one of the prices we pay for a legislature that has so few women in it.

Honestly, I look back at women who had a lot more opportunities than you have had, and I look at my friends and the terrible time that we went through breaking out of that same sense of imprisonment, and we had a lot more support and opportunity. I just really commend you on what you have accomplished, and on your decision to stay there and give back something, to inspire those who are coming after you. Because if we can get this ball rolling down the right hill, we will all be the better for it.

Ms. MATOS. Thank you, Mrs. Johnson.

Mrs. JOHNSON. Congratulations and good luck to you.

Acting Chairman DOWNEY. Excellent testimony, Ms. Matos.

Ms. MATOS. Thank you.

Acting Chairman DOWNEY. Ms. Mack.

Mr. KOENIG. Thank you very much.

Prior to the implementation of the JOBS Program, the GAIN Program in California did not mandate the participation of parents with children under 6 years old, including teen parents. But we in San Diego have had a special interest in teen parents because we know from the results of research and we have our own personal interest, myself and my program director feel very strongly that if you do not intervene in the lives of teen parents, you are looking at the likelihood of a long-term welfare dependency. You are looking at the likelihood that their children will be on welfare as well.

So, we actively went out and recruited some 400 teen parents in San Diego County to participate in the GAIN Program so that we could help them get back to school or complete their education, to provide the child care and the transportation and other supportive services necessary to do that. We have been pretty successful with our efforts, because we have enrolled over 400 into our program.

I would like to now introduce Myisha Mack. Myisha is a 17-year-old mother of a 22-month-old daughter, I believe. I just met Myisha for the first time this morning. She has an interesting life story. I will let her tell it to you. I just want you to know that she has spent a considerable number of years in a foster home as a foster child, and she is in the process now of turning her life around.

Myisha.

Ms. MACK. Good morning to you both. It is truly a pleasure to be here and able to talk to you and share with you my feelings.

I have been in a foster home for 2 years now, and it does not feel good at all. To me, it does not. I wish I would be able to be on my own which I am about to as soon as possible.

By me being in GAIN, I came in voluntarily about June 1988. I did not know what the program was about, but I thought what the heck, I will try it. It will give me something to do with my life.

Acting Chairman DOWNEY. How did you hear about it?

Ms. MACK. At school, at Garfield High School, and so as I entered into it, I became more familiar with the people and I kind of liked it. Then I started liking it more as I got more and more active into it. They also have what they call support groups, which is really helpful to us young mothers who have, you know, a lot of stress, a lot of tense, where we come and let off some of that steam.

As far as they give us a chance to more or less say what is on our mind, you know. Kind of see what our opinions are of how things are going and whatever, you know. It is kind of sit and listen to us, and at home sometimes we do not get that. Sometimes we do. But more or less the people that are in our support groups, they do not get that.

And so by coming to Bobby and to Evelyn my case manager, it is really good. It is really—I really could not say it. I do not know how to say it, but it is really and truly—I mean really and truly. You know, something that, you know, I cannot explain it, but it is something that is real good and helpful to me.

They help me do my schooling and they help push me to finish school, and they help even to pay for my babysitting. Now, if I did not have that, I do not know what I would do or where I would be.

But now I want to go to college. I want to further my life. I want to be a psychologist, so, therefore, by them counseling me, I want to go out and counsel someone else so someone who has been through what I am going through in my life, they can know they have an opportunity also to look forward and not just stop at a standpoint.

So, I do thank GAIN. I really do think if we did not have GAIN, I think there would be a lot more girls, young women should I say, with babies out on the streets and not thinking school is important at all.

Thank you.

Acting Chairman DOWNEY. Do you have a sense that the GAIN Program provided you with the support in making you feel important, that that was something that was missing from your life before?

Ms. MACK. Yes. Yes, it has.

Acting Chairman DOWNEY. Mrs. Johnson.

Mrs. JOHNSON. And are you in a career track that will allow you to move out on your own and with your child?

Mrs. MACK. I am going through social services, and they are going to—I do not know how the process is or whatever, but I need all the input I can, you know, as far as being—they want to know if I am able and if I am ready to be a parent on my own. So, as far as looking into my schooling and things like that. But my principal of Garfield High School, he gave me a letter of recognition saying that I was a good student there. That really helped a lot, too.

Mrs. JOHNSON. That is really nice. Do you give any thought to possibly sharing an apartment with another single parent so you have some support?

Ms. MACK. Yes.

Mrs. JOHNSON. Good luck to you. Thank you for your testimony.

Acting Chairman DOWNEY. Thank you, Myisha.

Mr. KOENIG. Mr. Chairman, I might add, Myisha is probably a little shy this morning. There are a couple of things about her I

learned that I would like to share with you just to show you what she has really got going for her.

She is going to graduate from high school this June, and she is the student body president or vice president at Garfield High School where she attends right now. And in order for her to graduate along with her classmates, she has had to attend summer school and makeup classes, and this is a lady, I think, with a lot of determination.

Thank you.

Acting Chairman DOWNEY. Vice president, you should run for office. We can get you into the Congress. That is what we need, as Mrs. Johnson mentioned, we need some more women in the place. It would probably be a much different and better place.

It has been terrific having you both. Thank you very much.

Ms. MACK. Thank you.

Ms. MATOS. Thank you.

Acting Chairman DOWNEY. Thank you, Ray.

The subcommittee stands adjourned.

[Whereupon, at 12:38 p.m., the hearing was adjourned.]

[Submissions for the record follow:]



CALIFORNIA FAMILY SUPPORT COUNCIL

Post Office Box 19701
Sacramento, California 95819

OFFICERS

PRESIDENT
Stephen H. Kennedy
Humboldt County

PRESIDENT ELECT
Wayne Doss
Los Angeles County

VICE PRESIDENT (SOUTH)
Terry Brown
San Bernardino County

VICE PRESIDENT (NORTH)
Kim Vee
Santa Cruz County

RECORDING SECRETARY
Edna Sage
Orange County

CORRESPONDING SECRETARIES
Raquel Gonzalez
Attorney General's Office
Mary Jane DeLuca
Alameda County

TREASURER
C. Stanley From
Ventura County

GOVERNMENT LIAISON
L. Douglas Poles
Contra Costa County

ASSISTANT GOV'T LIAISON
Jonathan Burns
El Dorado County

CDAAC COORDINATOR
Philip Wynn
Los Angeles County

March 23, 1990

Subcommittee on Human Resources
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Implementation of The Family Support Act
of 1988 (Field Hearing San Diego, California,
March 26, 1990)

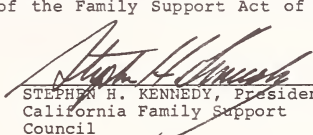
Mr. Chairman, Members of the Committee:

In my capacity as President of the California Family Support Council, I am submitting this letter and a copy of a recently-adopted Resolution from the Council, requesting Congress to amend the Family Support Act of 1988, relieving IV-D agencies of any responsibility to initiate downward modifications of existing child support orders.

It is absolutely absurd a law was passed that requires a Child Support Enforcement agency to review and initiate downward modifications of valid child support amounts. This new provision is contradictory to the goals of the Child Support Enforcement Program.

In the state of California, procedures are already available for easy access to the courts for purposes of modifying existing court orders. The process does require that the obligor initiate the action--not the agency representing the child, or the over-burdened taxpayer.

Your immediate action to amend Sec. 466(a)(1)(A) through (C) of the Family Support Act of 1988 is requested.


STEPHEN H. KENNEDY, President
California Family Support
Council

SHK:ce

Attachment: Resolution

CALIFORNIA FAMILY SUPPORT COUNCIL
RESOLUTION

Whereas, the Family Support Act of 1988 provides that a state must undertake periodic reviews of all child support orders and initiate adjustments of such orders in accordance with established guidelines or initiate such review and adjustment at the request of either parent subject to the orders; and

Whereas, the foregoing law may require the IV-D agency to initiate downward modifications even when opposed by the custodial parent and without regard to the best interests of the child; and

Whereas, the goals of the IV-D program to insure that all children are supported adequately by their natural parents have not yet been achieved; and

Whereas, the foregoing law ignores the role of effective advocacy on issues in the adversarial judicial system including the role of the court to resolve such issues after full presentation of facts and arguments; and

Whereas, the requirement that the same agency advocate both for and against modification may create a conflict of interest; and

Whereas, the prospect of exposure to automatic initiation of downward modification proceedings will create a chilling effect to the willingness of custodial parents to participate in the IV-D program and will tend to nullify the outreach components of the IV-D program; and

Whereas, under existing law many child support issues are not resolved by rote application of financial guidelines or mathematical formulae;

Now, therefore, be it resolved that the California Family Support Council formally request that Congress amend §466(a)(10)(A) through (C) of the Family Support Act of 1988 to relieve IV-D agencies of any responsibility to initiate downward modifications or to adjust child support orders downward so long as the state plan provides unrepresented obligors with a simple, inexpensive and expedient procedure to obtain appropriate administrative or judicial review of their child support orders; and

Be it further resolved that the President of the California Family Support Council forward a copy of this resolution to the Office of Child Support Enforcement and to each member of the California Congressional Delegation; and

Be it further resolved that the President of the California Support Council provide a copy of this resolution to each Support Enforcement Association in the United States.



CALIFORNIA FAMILY SUPPORT COUNCIL

Post Office Box 19701
Sacramento, California 95819

OFFICERS

PRESIDENT
Stephen H. Kennedy
Humboldt County

PRESIDENT ELECT
Wayne Dots
Los Angeles County

VICE PRESIDENT (SOUTH)
Terry Brown
San Bernardino County

VICE PRESIDENT (NORTH)
Kim Mel
Santa Cruz County

RECORDING SECRETARY
Edna Sage
Orange County

CORRESPONDING SECRETARIES
Raquel Gonzalez
Attorney General's Office
Mary Jane DeLuchi
Alameda County

TREASURER
C. Stanley Trom
Ventura County

GOVERNMENT LIAISON
L. Douglas Pipes
Contra Costa County

ASSISTANT GOVT LIAISON
Jonathan Burns
El Dorado County

COAA COORDINATOR
Philip Wynn
Los Angeles County

March 23, 1990

Subcommittee on Human Resources
Committee on Ways and Means
U. S. House of Representatives

RE: Expected Effects of the Child Support
Enforcement Amendments Contained in the
Family Support Act of 1988

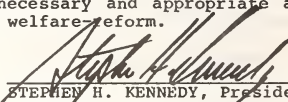
Mr. Chairman, Members of the Committee:

I am providing the enclosed written statement in the capacity of the President of the California Family Support Council, a professional, non-profit organization, made up of individuals at the state and local level whose job it is to prove parentage and enforce support.

The Child Support Amendments incorporated in Public Law 100-485, amending Title IV of the Social Security Act was to help families avoid long-term welfare dependence and to assure that the overall program would be more effective.

Some of the Child Support provisions will change the "mission" of this program dramatically (review and reduction of child support awards). Issues dealing with improved efficiency (prompt distribution-including \$50.00 disregard amounts) will result in a much more costly program with little benefit to the families.

It is sincerely hoped that your Committee and Congress will immediately consider our concerns and take the necessary and appropriate action(s) to obtain true welfare reform.


STEPHEN H. KENNEDY, President
California Family Support Council
(707) 4445-6243

SHK:ce

cc: Robert J. Leonard, Chief Counsel, Committee on Ways & Means
Richard Darman, Director, Office of Management & Budget
Joseph Humphreys, Senate Finance Committee
Linda McMahon, Director, Dept. of Social Services
State of California
Members of the Executive Council, California Family
Support Council

Section 102. Disregard Applicable to Timely Child Support Payments (42 USC 602 & 657):

The Family Support Act of 1988 (Public Law 100-485 - H.R. 1720) has totally ignored the "costs" associated with the implementation of mandates that are contrary to proper and basic accounting and money distribution principles. The cost(s) associated with the recording and distributing of monies collected for child support exceeds or approaches most other major functional costs of the Child Support Enforcement Program./1

Federal policy makers, through regulatory action, have demanded that child support agencies ignore basic "system" or even reasonable accounting procedures concerning posting of monies received. We are being asked to determine, on an individual check-receipting basis, the date of collection, which determines how amounts collected must be distributed rather than the "date of receipt," as Congress stated under Section 102, Public Law 100-485.

The Department of Health and Human Services, by means of their regulatory rule-making, has interpreted "date of receipt" as "date of collection". What this does is negate the usefulness of any automated collection-distribution system. Manual override methods are currently being utilized, even with the most advanced state-of-the-art accounting-distribution system, due to the requirement of posting payments based on a "collection date" rather than a "receipt date".

Congress enacted the "Child Support Enforcement Amendments of 1984" which included a \$50.00 disregard provision (the first \$50 of any current monthly collection on an AFDC case would be distributed to the family in addition to the AFDC grant), which requires AFDC collections to be handled in a specialized manner. This provision has resulted in numerous lawsuits filed by welfare-rights organizations, due to issues such as the date of collection vs. receipt; past-due amounts not applying and assignment of support rights (current and arrears)/2

/1 Costs of the financial distribution process is higher than the enforcement function in the states of Virginia, Pennsylvania, Michigan, Iowa and Illinois. The state of New York's expenditure for the financial distribution function was \$20,498,826 compared with \$22,459,394 for all of the enforcement function. (Table 25-12th Annual Report to Congress, U.S. Dept. of Health and Human Services). Note: The state of Virginia has been under a court order to distribute collections, including the \$50 disregard within the timeframe (15 days) now required by Section 302.32(f) of the Code of Federal regulations.

The Office of Child Support, Family Support Administration, believes that all states can meet this requirement: "...without difficulty through management commitment and an appropriate allocation of resources to the task."

The state of Virginia has shifted 1/2 their total expenditures of all activity towards this "task".

/2 Litigation Report of Sept., 1987 reported out of 10 current class action lawsuits, 7 were issues concerning the disregard provision: Agee vs. Coler (IL); Beasley vs. Harris (CT); Berg vs. Gardebring (MN); Luyando vs. Bowen (NY); Todd vs. Regan (IA); Vanscatter vs. Bowen (WA); Wilcox vs. Petit (ME)

The Department of Health and Human Services, Family Support Administration has reacted to these class-action lawsuits by regulatory changes--resulting in a current system of child support distribution that is and will continue to be costly, due to the accounting problems (constant adjustments--manual overrides required) for the required \$50.00 disregard program.

Public Law 100-485 (The Family Support Act of 1988) provided for over sixty-four million dollars (\$64,500,000) to be spent on studies/demonstration projects and reports--and not a single cent was allocated for studying the problems relating to the \$50.00 disregard program. Failure of Congress to find a solution to the \$50.00 disregard accounting-distribution problem will insure that costs of the Child Support Enforcement Program in the functional area of financial distribution to continue to be high.

Implementation of Section 101 - Immediate Income Withholding will exacerbate the distribution problem due to current regulations addressing the "date of collection" issue for disregard purposes. It will be necessary to simplify and streamline the distribution process prior to the mandate of requiring immediate wage withholding on all orders beginning in 1994. An automated system will help, but under the current "disregard" and "date of collection" process, even an automated system will be one operated on the "exception" basis. Congress has not considered other improvements that are necessary for this program--no money was allocated to research methods of collecting from the self-employed. The mandated wage withholding process will result in more obligors finding methods of getting paid as self-employed contractors and working "under-the-table" may increase. Congress needs to research methods that will place the self-employed and the employee who gets unreported wages in a similar wage withholding situation.

Section 104 - Timing of Notice of Support Payment Collections:

This provision sought to allow recipients of aid to know when and how much monies in support payments had been received by an agency and applied against a current or past grant amount(s). Congress' intent was to allow individuals to see what monetary resources would be available to them to help them get off the welfare rolls. Current regulatory audit rulings include a notice that is provided when -0- amounts are collected. This is counter to Congress' specific language and intent and only adds costs to the program.

Section 122 - Requirements of Prompt State Distribution of Amounts Collected as Child Support, resulted in final regulations that will only attract new welfare-rights class-action lawsuits. The problem that Congress and the Department of Health and Human Services cannot understand is why agencies have such a difficult time with distribution. To solve it, why not just put out specific regulations that monies have to be distributed (including disregard payments) within a short time period? Representatives from the Department of Health and Human Services have failed to provide information to Congress as to the complexity of distribution of welfare-related child support collections.

Non-welfare-related distribution is simple, but due to the assignment of all current and past-due child support for welfare-related cases and the disregard process, a very complex distribution system has evolved that needs to be revised. An elimination of part of the assignment provision (current or type of payments processed) would help simplify the distribution process. Families on welfare would receive payments on a much more timely basis and automated systems could reduce grant amounts based on such current collection amounts. The resulting

loss to taxpayers would be minimized based upon reduced grant amounts.

Another suggestion is to perform a cost analysis of the current disregard program (administrative costs, both IV-A and IV-D, and the lost revenue) and compare such costs to that of increasing grants in the like amounts.

Testimony (H.R. 1720) by personnel from the Department of Health and Human Services provided no insight into the complex distribution problems associated with the \$50.00 disregard program. Department of Health and Human Services personnel continued to be negative about the current funding mechanisms and State representatives spent most of their time defending their programs and sharing with the House Committee problems associated with obtaining Federal approval of automated systems. Representatives from the Office of Child Support Enforcement, Department of Health and Human Services have become obsessed with the funding scheme that Congress enacted in 1975 (Public Law 93-647) and have successfully convinced Congress to lower the Federal Financial Participation from 75% down to 66%. The representatives from the Department of Health and Human Services also provided very little input to Congressional policy-makers as to the impact of additional services placed on the Child Support Enforcement Program, e.g., review and modifications (downward and upward) of court-ordered amounts. (Section 103(c))

Section 103. State Guidelines for Child Support Award Amounts - Requirements for Review of Individual Awards:

Congress has effectively changed the role of the Child Support Enforcement Program by enacting the Family Support Act, specifically Section 103, subsection (c). The mission to help children who need support from their parents and to help taxpayers by shifting the burden back to the true obligor has been changed. This law will result in a child support enforcement agency initiating and lowering a child support amount, even when opposed by the custodial parent.

This counters the original intent of Congress (P.L. 93-647), to reduce the welfare burden and to have the true parental obligor provide for his or her child. Special advocate groups who appeared in the House hearings (H.R. 1720) were determined for the downward modification to pass and also the authorization of \$8,000,000 to address child access problems. (Section 504 of Title V).

Section 129. Collection and Reporting of Child Support Enforcement data, will certainly increase the cost of the national program by the items being measured. It is important for Congress and Federal agencies to know what the results are regarding this program. However, when Congress asked for the identification of specific services provided and sub-categories of such services to be measured on a fiscal year basis, such as "location of an absent parent for purpose of establishing a court order; enforcing a court order or modifying a court order"... we begin to fall into the category of over-measurement. Regulations are being considered that include location of not only the absent parent, but also location of an absent parent's assets. Does Congress really want this information?

How many Federal programs do we have where we are measuring the individual activity and not the end result(s)?

A better, more efficient and probably more accurate method of measuring specific activities would be accomplished by annual properly-conducted statistical samplings.

Conclusion:

The expectations of Congress regarding the "mission" of child support enforcement has been muddled. Congress will continue to be misinformed about requested changes, additional services to be provided, and impacts of reduced Federal funding by the Department of Health and Human Services, Family Support Administration.

Failure of the Department of Health and Human Services, Family Support Administration, to provide leadership and required expertise in the area of child support enforcement has resulted in new Federal mandates that are not conducive to an efficient program.

Congress needs to determine if they want a program that is a social-welfare program (one that helps all individuals with any domestic relations-type problem, e.g., visitation/access; lowered court-ordered amounts; health insurance, etc.) or a child support enforcement program that is focused on the collection of child support.

If the program is to be another social-welfare program, then collection expectations need to be lowered and funding increased dramatically. If this program is a "welfare reform" program, relieving taxpayers of an unnecessary and costly burden, then Congress needs to inform the Department of Health and Human Services of that purpose. If the Department of Health and Human Services does not understand or misinterprets the purpose of the program, then Congress should consider placing the program with another Federal agency that can provide the true expertise needed for a successful and efficiently-run program.

IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988
PUBLIC LAW 100-485
Field Hearing, San Diego, California
March, 26, 1990

Issue: Distribution of Collections and Disregard Provisions

Reference:

45 CFR 232.20(d) Treatment of child support collections made in the Child Support Enforcement Program as income and resources in the Title IV-A Program.
Authority: 42 USC 1302

45 CFR 302.32(1)(b) and (2)(i) Collection and distribution of support payments by the IV-D agency.

Authority: 42 USC 651 through 658, 660, 664, 666, 667, 1302, 1396a(a)(25), 1396b(d)(2), 1396b (c), 1396(p), and 1396(k).

Proposed Rule, Published in Federal Register September 13, 1989
Specifically changes to Section 302.51 and Section 303.100

Discussion:

The regulations cited govern the distribution of support collections distributed to reimburse AFDC payments made to the family. The problem lies in the complexity of the procedure for distribution to accomplish payment of a \$50 disregard to the family for each month's current payment.

If the absent parent has some kind of income withholding and the support payment withheld does not reach the IV-D agency within the month in which it was withheld, the IV-D agency must treat the payment as current for the month in which it was withheld rather than when it is received. As a result the payments must always be treated as adjustments. The IV-D agencies have been advised by OCSE that both automated and manual accounting programs must be rewritten to be able to treat a payment received month(s) after the current support was due as a current payment.

This seems entirely appropriate. The absent parent should not be assessed interest on an arrears that has accrued because the entity at the point of withholding did not forward the payment to the IV-D agency. The family receiving AFDC should be entitled to the \$50 disregard for the months that withholding was made from the absent parent's income. The problem is that the cost of maintaining accounts in this manner and the cost of dealing with the complaints from the family about the delay in receiving the missing disregard payment are substantial.

The disregard law is unfair to certain AFDC families who will never receive a disregard payment because the absent parent is deceased, disabled, incarcerated, or in a country where there is no reciprocity. There seems to be two schools of thought on the reason for the disregard payment. One, is to encourage AFDC recipients to cooperate in establishing and enforcing the support obligation. Two, is that it was a way to raise the AFDC benefits to families without making an increase in appropriations. The problem is that because of the very complicated procedures, timeframes, and multiplicity of agencies responsible, the administrative cost of paying the families the disregard may exceed the costs of simply increasing the AFDC grants by \$50 per month.

The California Family Support Council commented on the Proposed Rule that was published in April 19, 1989 on the issue of the disregard payment. The following concept was discussed in the comments submitted.

The distribution of payments by the IV-D Agency to the IV-A Agency on a cash basis requires substantial change to any automated or manual system now in place. For those entities now utilizing automated distribution schemes there are programming changes necessary at considerable cost. There will be increased operations costs for processing these distributions to the IV-A Agency on a daily basis. There will also be a substantial increase in IV-A administrative costs to assimilate the data, pay the disregard as soon as the collections passed to them on a daily basis reach \$50, and to identify those cases where less than \$50 is collected then pay that amount to the recipient within 20 days of the end of the month. In an automated program this is increased data processing operations costs, in a manual program it certainly requires additional staff.

Page Two

Issue (Continued): Distribution of Collections and Disregard Provisions

The entire area of law and regulation leads us to suggest a different approach:

Distribute all support payments to the family in the manner that payments are distributed to the non-welfare families. The IV-A Agency then will determine the amount of any entitlement the family should have. This way the family would have the advantage of the support payments when they are paid;

There would be no wait for disregard computations; there would be no wait for redetermination of eligibility based on computation of the amount of the support payment which exceeds the grant in any one month;

The family would enjoy the psychological benefit of knowing the absent parent is contributing on a timely basis. There would be a strengthening of family ties, the absent parent would feel better about the payment going to the family and there would be improved custodial parent cooperation;

There would be no need for the IV-D Agency to notify the family of support collections, they would know because they have received the payment;

There would be no need to change distribution programs in any IV-D Agency because they are already programmed to distribute payments to non-welfare families, they could simply distribute all collections in the same manner and report the collections to the IV-A Agency so that eligibility determinations could be made;

If a family received support payments it would not be necessary for the IV-A Agency to obtain advance payments by the county, state and federal IV-A funding agencies, abatements on claims and drawdowns would be net after the child support payment not in advance.

This would be a much more cost effective and service oriented way of doing business, and should answer the concerns of Congress and others interested in the amounts paid to AFDC families, the timeliness of those payments, and the relationships within families.

The law and regulation regarding the disregard payment may seem a small investment of resources to gain the benefits suggested, better cooperation of the AFDC recipient with the IV-D agency and/or an easy way to increase the grant to the family without increasing the appropriation for AFDC payments, however, the requirement imposes service and administrative procedures without effective results.

NAME: EDWINA YOUNG, Regulations Chairperson
California Family Support Council
Family Support Bureau
291 10th Street
San Francisco, California 94103
Telephone (415) 553-4286



STEPHEN O. HEDSTROM

District Attorney

April 4, 1990

OFFICE OF THE
DISTRICT ATTORNEY
OF
LAKE COUNTY

255 North Forbes Street
LAKEPORT, CALIFORNIA 95153

FAMILY SUPPORT DIVISION

707/263-2316

DEPUTY DISTRICT ATTORNEY

Joyce Martin

ADMINISTRATOR

Patricia Graham

INVESTIGATOR

D. Ross Jones

Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Bldg.
Washington, D.C. 20515

RE: Public Law 100-485 (H.R. 1720), "Family Support Act of 1988"

Dear Sir:

The Family Support Act of 1988 has been referred to as the most sweeping reform of the nation's welfare system since 1935. While it should be applauded for its intended purpose of reforming the welfare system by reducing welfare-dependence, it is apparent that due consideration was not given to the natural and foreseeable consequences of changes it has made to the Child Support Enforcement Program, which run counter to the goals of such program and do not serve the intended purpose of the Family Support Act of 1988.

As a IV-D prosecutor, director of a local IV-D agency and member of the Executive Committee of the California Family Support Council, I wish to submit the enclosed written statement regarding Section 103(c) of the Act.

While my comments are limited to Section 103(c) due to time constraints, I wish to add that I have read and concur with those comments relating to other Sections of the Act heretofore submitted by Stephen H. Kennedy, President of the California Family Support Council and those comments submitted by Edwina Young, Chairperson Regulations Committee, California Family Support Council, concerning "Distribution of Collections and Disregard Provisions", Proposed Rule, published in Federal Register September 13, 1989.

Robert J. Leonard, Chief Counsel
Committee on Ways and Means
April 4, 1990

Page 2

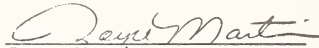
The IV-D and the IV-A programs both stand to benefit from remedial action taken by your committee and Congress in response to the concerns expressed by these commenters.

Thank you for your consideration.

Very truly yours,

STEPHEN O. HEDSTROM
District Attorney

BY:


Joyce Martin
Deputy District Attorney

/li

cc: Joseph Humphreys
Senate Finance Committee
Suite SD-205
Dirksen Bldg.
Washington DC 20510

Stephen H. Kennedy, President
California Family Support Council
Family Support Division
Humboldt County
Box 128
Eureka, CA 95502-0128

Edwina Young, Director
Family Support Bureau
291 - 10th Street
San Francisco, CA 94103

Section 103(c) - Review and Adjustment of Support Orders at Request of Either Parent.

This provision is contrary to the purpose of the IV-D Program to recoup AFDC and to keep non-welfare families off of AFDC by providing an effective Child Support Enforcement Program.

Congress created the Child Support Enforcement Program in 1975, for the stated purpose of enforcing support obligations owed by absent parents to their children.

Congress took action to put more teeth in the Program when it enacted the Child Support Enforcement Amendments of 1984, by requiring states to have in effect and use specified laws and procedures to improve the effectiveness of the Program.

The stated purpose of the Family Support Act of 1988 was to revise the AFDC program to emphasize work, to encourage and assist families in becoming less dependent upon the AFDC program and to make other necessary improvements to assure that the new program will be more effective in achieving its objectives.

The continuing goal has been to ease the burden on the AFDC program.

This provision affecting the Child Support Enforcement Program will not have the desired effect.

Whereas, the IV-D prosecutor, in representing the public interest, has from the outset of this program been required to advocate that absent parents must support their children to the fullest possible extent, mindful always that a parent's duty to support his or her child takes priority over all other debts, this legislation now requires the same prosecutor to possibly advocate a reduction in the parent's obligation, without regard to the child's best interests. The prosecutor's duty to enforce child support obligations includes the duty to seek an increased award when an existing order becomes inadequate to satisfy the parent's obligation. While no attorney-client relationship results by virtue of actions taken by a IV-D prosecutor, in fact, such actions result in a benefit to the child. These provisions place the prosecutor then in a conflict situation by requiring action which might be adverse to the child's best interests. At the very least, the prosecutor is placed in a conflict role of being an advocate both for and against a modification.

Absent/Obligor parents who believe they can no longer comply with a support order do have a remedy in California. California Civil Code Section 4700.1 provides a simplified procedure available to either parent proceeding in propria persona to request a maximum modification of 10% per year since the last order, without the necessity of showing a change in circumstances.

This provision may very well defeat the intended purpose of the Public Outreach requirement to publicize the availability of child support services. Would not an amendment to 45 CFR 302.30 be in order to require that such publicity include an advisement that the state may be required to seek a downward modification of the support order being enforced through the IV-D agency?

Section 102. Disregard Applicable to Timely Child Support Payments; Section 104. Notice of Support Collections; Section 122. Prompt Distribution of Support Collections; Section 129. Collection and Reporting of Child Support Enforcement Data: I concur in those comments heretofore submitted by Stephen H. Kennedy, President, California Family Support Council.

IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988

PUBLIC LAW 100-485

Issue: Modification of Child Support Awards at Request of Either Parent

Reference: Public Law Section 103 (The Family Support Act of 1988)

Discussion:

Requiring Family Support Divisions to periodically review court orders to assess the appropriateness of orders over the passage of time is not a bad idea.

However, to require us to proceed with a modification at the request of either parent is problematic at best and completely contrary to our mission at worst.

Presumably, the requirement to regularly review the amount of orders was promulgated for the purpose of increasing child support as children grow older, the cost of living rises, child support guidelines change and parents experience promotions and increases in salary.

With the regulation as it now stands, Family Support Divisions will be inundated with requests from payor parents to decrease child support. Presuming a custodial parent does not agree to a decrease in the support, our office will be required to prepare a formal request to the court to modify child support downward. This puts us in the untenable position of preparing the legal work and representing a party against whom we have previously obtained an order, collected from and very likely prosecuted.

There is no question that Family Support Divisions having to seek reductions in child support will confuse Family Support Division employees, the courts and the public. In addition, reviewing cases for downward modification requests as well as preparing a percentage of these cases for court will be a costly proposition with no benefit to the child support program. In fact, it will be detrimental to the program. We strongly urge that the requirement that modifications be pursued at the request of either parent, be eliminated from the Family Support Act of 1988 and subsequent federal regulations.

Issue: Distribution of Collections and Disregard Provisions

Reference: The Family Support Act of 1988 (Public Law 100-485 -H.R. 1720)
Section 102 Disregard Applicable to Timely Child Support Payments
Section 122 Requirement of Prompt State Distribution of Amounts
Collected as Child Support
 45 CFR 232.20(d) Treatment of Child Support Collections made in
the Child Support Enforcement Program as income and
resources in the Title IV-A Program
 45 CFR 302.32(1)(b) and (2)(i) collection and distribution of
support payments by the IV-D Agency

Discussion, Summary and Recommendations:

This is to wholeheartedly endorse the written comments for the March 26, 1990 Field Hearing in San Diego, California by EDWINA YOUNG, Regulations Chair of the California Family Support Council. Those comments are attached hereto and made a part hereof.

Issue: Commencement of Time Standards

Reference: 45 CFR 302.32(f)(1)(2)(3) Collection and Distribution of Support
Payments by the IV-D Agency
 45 CFR 303.2(a)(2)(3)(b) Establishment of Cases and Case Records
 45 CFR 303.3(b)(3)(4)(5)(6) Location of Absent Parent
 45 CFR 303.4(d) Establishment of Support Obligations
 45 CR 303.5(a)(1) Establishment of Paternity
 45 CFR 303.6(a)(b)(c) Enforcement of Support Obligations

Discussion:

Given the large caseloads of most Family Support Divisions, it is not possible to perform the myriad of tasks required on child support cases within specific relatively tight time frames nor to track all of those tasks without being automated.

The desirability and need for automation in child support offices is unquestioned. Here in Napa County, California we've arrived at the conclusion, independent of any federal or state mandate, that automation is the next step toward improvement to our program. The fact that our county doubled collections in the past 5 years (without experiencing a significant increase in caseload) is a clear indicator that we are serious about improving our program.

Since mandated timeframes have come about, Napa County, like most other unautomated California counties that I know of, is attempting to automate as quickly as possible. Nevertheless, despite our efforts, it is very unlikely that we will be fully automated by October 1990.

The purpose of the Family Support Act of 1988 was to improve child support programs. The Child Support Program has and continues to improve. To penalize programs across the country which cannot become automated by October 1990 despite working toward that goal, serves no purpose.

The start date for requiring that child support work be completed within specific time frames should be removed from federal regulations. Because sophisticated and automated tracking of cases is a necessity in order to meet time frames child support programs should be encouraged and supported in the goal of rapidly automating their programs. Only when programs become automated is it realistic to impose time frames.

Name: Phyllis D. Boyson
 Family Support Division Chief
 Napa County Family Support Division
 P.O. Box 5720
 Napa, CA 94581
 (Telephone: 707/253-4251)

SUTTER COUNTY DISTRICT ATTORNEY

CARL V. ADAMS



CRIMINAL DIVISION

COURTHOUSE ANNEX
POST OFFICE BOX 1555
YUBA CITY, CA 95992
TELEPHONE (916) 741-7330

FAMILY SUPPORT DIVISION
(916) 741-7338

April 2, 1990

Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

My name is Carl V. Adams. I am the District Attorney of Sutter County, California. I am submitting this testimony in support of the repeal of certain provisions of Section 103 of the Family Support Act of 1988 (P.L. 100-485). The provisions which should be repealed are those which require that State Title IV-D Agencies develop and implement processes for the routine downward modification of Title IV-D Child Support Orders. It has always been the mission of the Title IV-D Program to establish, enforce and increase court orders for the support of dependent minor children. Requiring Title IV-D Agencies to take action for the reduction of such orders reverses the entire purpose of the Title IV-D Program and is detrimental to the welfare of millions of dependent minor children in America.

My office does not intend to take any action which will cause any court order for the payment of child support to be reduced unless a request for the reduction of support has first been made by the absent parent and my office has determined that on account of the absent parent's income the support order should be reduced. We will not take such action under any circumstances in a non-AFDC case if the custodial parent opposes the reduction.

I have been elected by the people of the County of Sutter to represent the interests of the County of Sutter. These interests include attempting to insure that each child for whom a case is open in my office has a support order in the highest amount which is legally possible. It would be against the interests of the County of Sutter and of the minor children in whose interests my office acts for my office to initiate a reduction. In many cases an employee in my office has been appointed by the court as guardian ad litem for the minor children and is a party to the action. The guardian ad litem cannot legally initiate a reduction in support and could be held personally liable to the minor for so doing.

In many cases in my office the County of Sutter is the party plaintiff. The constitutional right of the County of Sutter to be represented by legal counsel whose duties are to advance the interests of the County of Sutter would be violated if my office were on its own initiative to take action to reduce the child support obligations of absent parents. It defies common sense and American legal principles for the attorney for one party to move for relief in favor of the opposing party.

We have no authority to initiate a downward modification of the child support order in those cases in which a custodial parent who is not receiving AFDC originally obtained the support order independently of our office. In these matters the custodial parent is a party to the legal action for the support and we have no legal authority to obtain any downward modification which would bind the custodial parent.

Robert J. Leonard, Chief Counsel
 Page Two
 April 2, 1990

We will, of course, stipulate to the reduction of child support orders upon request by the absent parent and upon evaluation of the relevant information whenever we determine that we would have no reasonable chance of opposing the absent parent's motion in court for a reduction of the support obligation. However the custodial parent must concur in non-AFDC cases.

The State of California and the United States Department of Health and Human Services need to remember that under our American system the judicial process is an adversary one. In such a judicial system, the parties on each side of a case are entitled to have their interests represented by their own legal counsel who will advance their interests and not attempt to function as a mediator or as an advocate for the other side.

As an elected official I represent the legal interests of the County of Sutter and not those of opposing parties. Any law or regulation which requires my office to take action which is contrary to the interests of the County of Sutter is unconstitutional and void. It is the position of the County of Sutter that we will use all legal means to oppose any action by the state or federal government which would require the Sutter County District Attorney's Office to take any action which is contrary to the interests of the County of Sutter. It is our position that such laws and regulations impair the independence of the legal profession, the rights and interests of minor children and the constitutional rights of the County of Sutter.

Very truly yours,

Carl V. Adams
 CARL V. ADAMS
 DISTRICT ATTORNEY

CVA/vh

Subscribed and sworn to
 before me this 2nd day of
 April, 1990.

Donna L. Scott
 NOTARY PUBLIC



STATEMENT OF PEGGY M. ANDERSON, ADMINISTRATOR
TULARE COUNTY (CA) FAMILY SUPPORT DIVISION
FAMILY SUPPORT ACT OF 1988

Section 102. Disregard Applicable to Timely Child Support Payments. (42 USC 602 & 657)

The implementation of the above amendment is certainly possible, given the state of the art of programming to create viable programs for data processing systems, and for manual systems, the ability of the agency to hire a sufficient number of people to accomplish the job. The concern should not be in whether it can be accomplished, but at what cost for the benefit derived.

At the present time, there is no way to accomplish the changeover without expending extraordinary resources in money, time and personnel. If an agency is automated, the above method negates the achievements accomplished in that automation by forcing a manual override on all payments made by wage assignment and collections received from other jurisdictions. Since it is required that all cases have wage assignments ordered and presumably in effect, the number of manual overrides will be staggering. This runs counter to Congress' intent in promoting automated systems!

It would appear that by initiating the \$50.00 disregard Congress has in effect created a program which brings about more problems than it solves. The IV-A agency and the IV-D agency both find themselves spending more time responding to telephone and in-person questions and complaints regarding the payment. Numerous lawsuits have resulted over the issue of disregard and the date of payment.

Conclusion

The \$50.00 disregard program is not cost effective nor does it provide the benefit intended. The initial impetus behind the program was to give an incentive to welfare parents to supply information and assist the IV-D agency in obtaining child support to help offset the cost of the program. It was also a method in which the family was informed the absent parent was indeed paying support and taking care of his/her obligation. Our experience has been that the welfare client is not motivated by an additional \$50.00 per month. Under current regulations the custodial parent is already informed by the IV-D agency of monies collected.

There would be significant cost savings by simply increasing the grants by an additional \$50.00 per month. This would also make the program uniform and not exclude families where there is no hope of ever collecting support from the absent parent.

1. The area of modification certainly provides greater incentives than \$50.00. The welfare family certainly benefits far more when the child support order is raised beyond the amount of the grant.
2. This would take the family off AFDC and at the same time let them know they are being provided for as they would receive the support money directly.
3. The priority of the IV-D agency and Congress in providing motivation should be in raising and maintaining orders not in reducing them!

STATEMENT OF JOHN S. HIGGINS, JR., DEPUTY DISTRICT ATTORNEY
TULARE COUNTY (CA) FAMILY SUPPORT DIVISION
FAMILY SUPPORT ACT OF 1988

According to the Department of Health and Human Services, the Family Support Act of 1988 (Pub. L. 100-485) "addresses the injustice of parents failing to assume responsibility for their children's support." 54 Federal Register 32284 (No. 149, Friday Aug. 4, 1989) (Background: Standards for Program Operations.) In the light of the purpose of this legislation, it seems particularly unjust to impose upon IV-D agencies the responsibility for initiating "review" of child support obligations at the request of the non-custodial parent.

Since its enactment in 1975, the purpose of the Title IV-D program has been to secure the support of children. Numerous Congressional enactments have made improvements in the program over the years. All of these program improvements have been designed to secure the children of this country more adequate support from the non-custodial parent, in the face of studies which show that following divorce, the non-custodial parent's standard of living increases substantially, while the custodial parent's standard of living drops substantially.

In particular, we would like to focus on section 103 (c) of the Family Support Act which requires that:

"the State must, at the request of either parent subject to the order... initiate a review of such order, and adjust such order, as appropriate, in accordance with the guidelines established pursuant to section 467 (a)."

Although the function of the IV-D agency in "adjusting" child support to fit the changing needs of families and the changing financial circumstances of custodial and non-custodial parents is a laudable objective, Congress lacked the experience "in the trenches" to understand the implications of forcing IV-D agencies to reduce child support obligations upon the mere request of a non-custodial parent.

As the dimensions of the child support crisis make clear, non-custodial parents do not uniformly consider the support of their children a primary responsibility. It is our experience, having worked in the child support enforcement field for many years, that Section 103 opens nothing less than a monstrous "Pandora's" box, from which a IV-D agency will be unable to extricate itself. Absent parents in many cases do not like paying child support at all. If they did, there would be no necessity for a IV-D agency. Once the word gets out that the IV-D agency must proceed to court or take administrative action to reduce child support at the request of a non-custodial parent, it is our expectation that we will be spending a large portion of our time, not adjusting child support orders to better meet the needs of the children, but responding to requests from self-employed custodial parents, construction workers whose income is difficult to document, parents who do not desire to be employed to their full capacity etc. etc. in processing their requests for a downward modification. The ironic situation is that if a non-custodial parent believes that he or she is paying too much in child support, California, at least, has a simplified procedure for bringing the issue before the court and determination by a judge. The burden is relatively slight, but we strongly believe that there should be some disincentive to prevent non-custodial parents from besieging the child support office with requests to reduce their child support obligations.

It is unfortunate but true that the demise of the intact family in America has resulted in many crises, not the least of which is the familiar factual situation of a non-custodial

parent who remarries and assumes additional responsibilities. If he has more children by his second marriage, (knowing that he has an obligation to support children of his first marriage), did Congress intend using public funds to reduce the amount of support payable to the children of the first marriage just because the absent parent has chosen to take on the additional responsibilities? We believe that Section 103 (c) of the Family Support Act should be amended to delete the requirement the IV-D agency must adjust or initiate a review at the request of the non-custodial parent. At least in California, there is a simplified modification procedure available (Civil Code Section 4700.1), which can easily be used by a defendant appearing pro se. We have no objection to these matters being brought before the court, but we do not believe that the IV-D agencies should have the responsibilities of initiating downward modifications, particularly over the objection of the parent who needs the support.

IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988

MONDAY, APRIL 30, 1990

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Little Rock, AR.

The subcommittee met, pursuant to notice, at 9 a.m., J.A. Gilbreath Conference Center at the Baptist Medical Center, 9601 Interstate 630, Little Rock, AR, Hon. Thomas J. Downey (acting chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

(93)

FOR IMMEDIATE RELEASE
WEDNESDAY, APRIL 18, 1990

PRESS RELEASE #20
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1025

THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN,
SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
ANNOUNCES A SECOND FIELD HEARING
ON IMPLEMENTATION OF THE FAMILY SUPPORT ACT OF 1988

The Honorable Thomas J. Downey (D., N.Y.), Acting Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee will hold its second field hearing on the implementation of the Family Support Act of 1988 on Monday, April 30, 1990, in Little Rock, Arkansas. The first hearing was held in San Diego, California, on March 26, 1990. (See Subcommittee press release #17.) This second hearing, which will begin at 9:00 a.m. at the J. A. Gilbreath Conference Center, Baptist Medical Center, 9601 Interstate 630, Little Rock, Arkansas, will highlight the major issues facing Arkansas and other Southern States as they implement the Act.

The Family Support Act of 1988 was signed into law on October 13, 1988 (Public Law 100-485). The Act has three major foci: (1) to strengthen the Federal child support enforcement program to guarantee that children are supported by both parents; (2) to provide education and training services through a new Job Opportunities and Basic Skills (JOBS) program to enable families receiving Aid to Families with Dependent Children (AFDC) to become self-sufficient; and (3) to provide supportive and transitional assistance (including child care and Medicaid) to AFDC families leaving welfare. States are required to begin operating their JOBS programs by October 1, 1990, and the programs must be available State-wide by October 1, 1992.

In announcing the hearing, Chairman Downey said: "Now that the Family Support Act has been penned into law, its success depends in large measure on how well it is implemented by the Federal Government and the States. Without a doubt, States face a diversity of economic, fiscal and institutional circumstances as they implement this welfare reform legislation. This hearing will give us the opportunity to learn firsthand of its strengths, as well as what hurdles the Southern States face as they enact a work program for welfare recipients."

Oral testimony before the Subcommittee will be heard from invited witnesses only. Members of the Subcommittee are particularly interested in learning about: (1) the experience of the States with implementing the requirements of the Job Opportunities and Basic Skills (JOBS) program; (2) the experience of the States with implementing the transitional child care and health care benefits on April 1, 1990; and (3) the expected effect of the child support amendments contained in the Family Support Act.

All witnesses scheduled to appear are required to bring 100 copies of their prepared statements to the hearing at the J.A. Gilbreath Conference Center, Baptist Medical Center, at least one-half hour in advance of their scheduled appearance.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:

Any interested person or organization may file written comments for inclusion in the printed record of the hearing.

Persons submitting written statements for the printed record should submit at least six (6) copies of their statement by the close of business, Monday, May 14, 1990, to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements wish to have their statements distributed to the press and interested public, they may deliver 100 additional copies for this purpose to the hearing site on the morning of the hearing.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will **not** be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and public during the course of a public hearing, may be submitted in other forms.

Acting Chairman DOWNEY. The hearing will come to order.

The subcommittee is privileged to be in Arkansas today, and we want to thank the folks of the Gilbreath Conference Center here at the Baptist Medical Center for making the facilities available.

Passage of the Family Support Act was a major achievement for both the States and the Federal Government. It culminated years of State experimentation, academic research and analysis and debate within and among congressional and executive branches of the Federal Government.

The success of the act now depends in large measure on State and Federal implementation. The subcommittee held its first oversight hearing nearly 1 year ago, and much has happened since then. The department has issued final regulations and 31 States have already implemented a JOBS program. All States will have implemented their programs by October of this year.

It is fitting that today's oversight hearing should take place in Arkansas, a State that served as a laboratory in the testing of new ideas to help welfare recipients become self-sufficient and whose Governor, Bill Clinton, did the negotiating for all the Governors during the welfare reform debate.

I look forward to hearing from Governor Clinton and other public officials, providers and participants, about Project SUCCESS. I am also glad that public officials from Louisiana and Mississippi could join us today. Undoubtedly, these three Southern States will face similar economic and fiscal circumstances as they implement the JOBS Program.

Louisiana and Mississippi will be implementing their work welfare program later this year, and I am anxious to hear what progress they have made. As a personal matter, I was one of the authors of the welfare reform bill in the House of Representatives, and if it were not for Governor Clinton, I doubt very seriously whether the bill would have passed in the House of Representatives.

I have never had a Governor of a major State play such an active role in lobbying and getting votes inside the House of Representatives. I am deeply grateful for the work that he did then and especially grateful now, because this is an ongoing process. We will not know whether welfare reform is successful in 1 or 2 years' time. It will take several years to see if the program works.

As we are working on this, something else is pending that is very important to the State of Arkansas, especially the Southern States, and that is the passage of the comprehensive child care bill, which will deliver some \$16 to \$18 billion of earned income tax credit support to working men and women for child care. It also includes a major revision of title XX.

Again, Governor Clinton has played a major role in the Congress of the United States with the other Governors to see passage of this act. We are delighted to have one of the founding fathers of welfare reform as our first witness.

Mike, would you like to make a statement?

Mr. ANDREWS. Yes. I would like to just make a few comments.

I am Mike Andrews. I am from Texas, where our basketball team is not quite as progressive as yours. Neither is our welfare system, and it is appropriate that we come to Arkansas today to

visit with you about the Welfare Reform Act and, most importantly, not just what we have been able to accomplish as a Congress and you have been able to do as a State, but where do we go from here.

The hard years of making this work, especially for the South, are ahead of us. They are not behind us. The statistics for Southern States, like Texas and like Arkansas, are grim, and at a time when our two States are desperate to try to attract new industry and new business and diversify our economies and build our education system, welfare and welfare recipients remain an anchor on our ability to move ahead.

One of every four children today is born into poverty in our two States. Something like 40 percent of the recipients of welfare are children; 6 of 10 women who grew up in a family receiving aid will get aid themselves some day. Those are terrible statistics, and those are some of the reasons why I am so proud of the Welfare Reform Act.

Like Tom, I do not believe that this bill, which was a historic bill for the Congress, would have ever passed without the work of Bill Clinton. He was the leader of all the Governors across the country. He was the most important lobbyist in passing this legislation.

The key force that made the bill pass in the House were Southern Democrats and Southern Republicans that recognized the need to do something, to make a change from what we have been doing in the past and the strongest proponent of those changes, the one that was the most persuasive, was Bill Clinton, and, so, I am happy to be here and look forward to hearing from the Governor.

Acting Chairman DOWNEY. Governor.

STATEMENT OF HON. BILL CLINTON, GOVERNOR, STATE OF ARKANSAS

Governor CLINTON. Thank you very much, Congressman Downey, Congressman Andrews.

Thank you for those kind remarks, and thank you even more for coming to Arkansas to hear about what we are trying to do to implement the historic law that you passed and hear from our neighbors in Louisiana and Mississippi.

I would like to say just parenthetically, as I am sure you all know, that the people of our three States for most of the history of this country have been the poorest in the United States in terms of per capita income, although some of the richest in terms of spirit.

In the last 2 years or 3, working with my colleagues and working with many other people from the various States, working together on a number of programs, we started to do a lot of things together, and in a few weeks, we will be in Washington to issue the report of the Lower Mississippi Delta Development Commission, which will deal with welfare reform, child care and a lot of these other issues as a region, and I really appreciate the fact that you came here to have this hearing and that you are going to give us all the chance to have our say.

I have presented some written testimony, but I will truncate the first five and a half pages of it, which basically reviews what you have already said. I just want to reiterate that in 1986, the Gover-

nor of Delaware, Mike Castle, began to work with the Governors to develop a welfare reform policy, which we then took to you, and which you then implemented.

I appreciate what you said, Congressman Downey, but the truth is that I suppose the hardest role anybody had to play in the welfare reform legislation was the one that you had to play by coming in to take over the subcommittee, when the legislative action was already underway, and I think if it had not been for you, the bill would not have passed. So, I appreciate what you did very much.

Without going into all the details of it, I would say that it seems to me this bill reflects the kind of solution to problems that we are going to have to see more in the United States if we are going to do a better job of dealing with our human resources.

With all the wonderful changes in the world today, we have to ask ourselves whether this country is prepared to lead the world we make at a time when we do a worse job of developing our most important resource, our people, than any of our competitors, and I am convinced that we have been trapped until this welfare reform bill passed, we have been trapped in a political debate which is fruitless, with some people on the one side saying that the Government should not let these problems because they cannot solve them and others saying that the Government action alone can solve the problem.

Welfare reform represents the synthesis of the traditional liberal idea of the Government cannot be led to the needs of people who cannot help themselves, and the more conservative notion that people have to help themselves, and the way the system is supposed to work is that the Government makes in effect a new social contract to deal with the welfare recipients saying if you will pursue a path of independence, we will take care of you along the way, we will educate you, and if you have to take a low wage scale, I will pay for your child care and the children's medical coverage for one.

I think that we will see more of that when the child care bill comes out, and the child care bill, the way it is developing, is an empowerment bill, and it goes with the more traditional efforts or conservative notion that States also should be held strictly accountable for making people who owe child support pay it, so that the Government should help through the Tax Code with direct assistance to care for children, but parents have the primary responsibility to care for children, if they can, and I think the more we can work together, Governors and Congressmen, citizens, around the country, to find these kinds of solutions the better off we are going to be.

What I want to talk to you about a little bit today begins on page 6 of my written testimony, is about what happens after bills are passed. I have learned in our State, for example, that the legislature often passes bills and even people who are charged with enforcing them or have the option to enforce them may not know exactly what the bills do even a year after they have been in law, and certainly a change of this magnitude in the welfare system, it is clear that the passage of the bill was only the first step.

So, what we decided to do in Arkansas was to inaugurate a very, very extensive planning process from the ground floor and working

up. I appointed a subcabinet group to encourage interagency cooperation who plan to implement our program which we call Project SUCCESS. I also appointed a statewide advisory committee on independence, which includes social workers, welfare clients themselves, program administrators and agency directors.

Agencies are now sharing resources and administration, information, conducting joint planning and coordinating policies. This coordination, as all of you know, I am sure, can be very difficult to achieve, but it is absolutely critical if we are going to provide the comprehensive services that many clients and their families need in order to become genuinely self-sufficient.

On March 19, I sponsored what I believe was the Nation's first statewide conference on the Family Support Act. We had great support from the legislative community and State agencies and religious community, nonprofits, volunteer groups and clients. More than 300 people came and stayed all day long to talk about how we were going to actually make this bill work.

The newest aspect of Project SUCCESS came out of this conference, and that entails the greatest change from previous programs, and I think it is potentially most important, and that is, the local planning community involvement initiative. This initiative is now being implemented, and I understand it is the only one of its kind today in the United States.

It will allow each community to mold Project SUCCESS to best fit its particular resources and needs. The welfare population in our State, and it is a small State, is very different from community to community, county to county, and we have found that already many of our community development programs are even more innovative than the ones we thought we had administered.

By bringing together providers, clients, advocates and other community leaders, we hope that our local communities will take ownership of the problems and with our assistance develop their own solutions.

We have also tried to do some things in Arkansas to help support the theoretical provisions of the Welfare Reform Act to make them real. I would like to mention just a couple of them.

We have been able to expand our HIPPY, the home instruction program for preschool youngsters, which we brought from Israel a few years ago, which we have tried to help other States adopt. We now serve 4,000 children and their parents in 18 programs covering 27 of our counties, and about 60 percent of our population.

Mothers involved with the programs spend 20 minutes a day 5 days a week, 30 weeks a year, with their preschool children for 2 years, trying to help them learn basic thinking and reasoning, speaking concepts, and to develop their learning skills.

We have found that even completely illiterate mothers can do this and as they do it, they help to create an education ethic in the home and they want more to learn themselves. The results from this program have been phenomenal, and in one program we had in western Arkansas, before the passage of the Welfare Reform Act, there were 38 welfare mothers in the program, and after 1 year, one-half of them voluntarily signed up for job training on their own because of the sense of themselves they developed in helping their children to get ready to become good mothers, too.

Our child care voucher system allows parents to choose their care-givers, and we are working with educational institutions to make sure that appropriate child care is successful at or near schools. I know Congress is currently moving toward adopting a voucher system, and my only advice to the committee would be to take it slowly and allow time for all the processes to be worked out.

I prefer this approach personally because it allows parental choice and increases access to quality child care, but it requires a different delivery system and procedural changes that simply take some time to implement.

I would also note parenthetically, Congressman Downey, since you brought up the child care bill, which many of us have been working for years on, after that bill is signed, we then have to look at what I think is the next big issue in this whole area, that we are the only major country of which I am aware that treats child care and preschool education as two different things, completely different systems, and I would urge the Congress after this bill is passed to begin to take a look at how, as a practical matter, we treat the system the way we treat the child as a whole.

Is the program working in Arkansas? Well, since July, when the project was implemented, we have been moving about 220 people a month from welfare to employment. In the old WIN demonstration program, we were averaging about half that much. Also, we have six times as many people in the educational programs under Project SUCCESS as we were under WIN demo.

Clearly, this program has had a profound effect on thousands of our people, and I hope these numbers will continue to increase. The passage of the child care bill is very important because we estimate that if 100 percent of the people who could be in this program would show up tomorrow, we would need over 10,000, I think as many as 14,000 new child care slots in Arkansas. So, this child care bill is a very important part of this ongoing process.

I am very pleased about what we have been able to do so far with this legislation. I do have one continuing concern. As I said earlier, although we have money for child care and transportation, they are not available to clients where they live. We are not allowed the flexibility to use that money to develop services and therefore our efforts to help these people with sufficiency are thwarted.

I hope that in the near future, money will be made available for developmental activities which are crucial for small rural States, like Arkansas. We had a development commission hearing in a fire station in a town called Haynes in Lee County, which is one of our six or eight poorest counties in the State. This little town has maybe 100 to 150 people, and in the fire station there, we had 50 or 60 people.

I was astonished at the number of people who knew that the welfare reform bill had passed, and knew what it was supposed to do, but one or two people said, but it does not do us any good because if somebody is living out here in rural Lee County, they do not have transportation to get to the education and training services, and there is no child care out here, and they cannot take the kids into town with them.

So, I do think some thought needs to be given to this whole idea of the delivery system, whether some of this Federal money should be available if States can make a prima facie showing on the delivery system. Let me just make a parallel argument in another area in which you both have been active, and that is mandating increases in Medicaid eligibility for pregnant women and children.

We now have mandated benefits at 133 percent of the Federal poverty level, option to go to 185 percent. In most poor rural areas in the South, if you just go to 133 percent, you would be covering virtually all of the uninsured people, but coverage does not count if there is no delivery mechanism, and in many of our States, in the maternal and child health area as well as in the child care area, our coverage in the law has out run our delivery mechanism, and we are working on that at the State level, but if there is some way we can work out a better partnership with the Congress, that is one specific suggestion I have that I think would help right across the board in all these programs.

I believe that the opponents of this bill, as you know, represent a much greater approach to welfare reform. It combines the State's unique ability to develop creative solutions to the problem with the Federal Government's ability and responsibility to set maximum standards and help fund it.

It reflects the importance of eliminating the causes of welfare and focuses on prevention as well as intervention. Research, experience, and instinct have shown that there are key points in the life of any individual when it is possible to take action to prevent later problems in life. Helping those at risk through intervention and prevention now will reduce the drastic and far more expensive solutions associated with our current welfare system, not to mention our correctional system.

Intervening in the lives of young people can prevent health and educational problems that can lead to future dependency. Intervention and prevention enables society to deal productively with the problems of worker dislocation.

Welfare prevention efforts focusing on training, education, and other services obviously will cost more money initially, but, in the long run, economic independence and self-sufficiency will save us money and restore many of America's most productive resources, our people.

I congratulate Congress for realizing that even in these difficult budget times, we have to spend more money on education and training and more money to guarantee quality child care, more on Medicaid for people who can move into jobs, as long as they know their children's health will be secure.

And, finally, I would like to end where I began. One of the most valuable things about this program is that it offers us the chance to change the underlying values in the system of government assistance to end the fruitless debate between whether we should take no action or whether our action will work alone, to make a partnership with people, to enable them to take personal responsibility for their own lives.

I believe that this program is going to make a big difference in our country's future. We have some kinks to work out. Every State is going to have to work very, very hard to make sure that the pro-

gram is implemented. I think you should insist, having taken the leadership, you should insist that we do it right. You should insist that every State have a good planning process and people are involved, but I think when you hear from these people that come behind me today, you will be very proud that you did what you did.

I have had people who were on welfare come up and say that their lives have been changed because of this bill. I had State employees who worked for our State government for 15 or 20 or 25 years come to me and tell me that they finally feel that what they are doing is making a difference in people's lives, and that is immensely rewarding. We did some of that today.

So, I thank you for working to pass the bill. I thank you for coming down here, and I ask you to consider the one specific suggestion I made about trying to help us develop a delivery systems in rural areas where they do not exist right now.

Thank you very much.

[The statement of Governor Clinton follows:]

TESTIMONY OF HON. BILL CLINTON, GOVERNOR
STATE OF ARKANSAS

Mr. Chairman and Mr. Andrews, it is an honor to testify before you today on a issue that has been close to my heart for the past several years. I am excited about the commitments and progress Arkansas has made in the area of welfare reform and prevention over the past several years. I also want to personally thank Congressman Downey for the hours and hours of work he put into this effort. I believe there would have been no way this would have passed through Congress so quickly had it not been for his work.

It is an example of the kind of thing our country is going to have to do more of in the future, breaking out of the old, liberal and conservative preconception and merging the best elements of both into a program with common sense.

Welfare reform has the conservative notion that nobody ought to draw a check from the government who can earn one for himself or herself and that the condition of giving the check in the first place ought to be a commitment to take a job as soon as possible. Welfare reform also embodies the liberal idea that we will help people who take low wage jobs with no fringe benefits with transitional costs for child care and Medicaid coverage for their children. These two ideas, one liberal, the other conservative, reflect a common sense compromise based on the fact that welfare benefits alone don't keep the people on welfare. In real dollar terms, benefits are less than they were 15 years ago. People stay on welfare either because they are unemployable or because they have young children and if they take a minimum wage job, they have to come up with child care and they lose medical coverage for their children under Medicaid.

I want to talk this morning about my involvement in this effort and what I believe we need to do to continue the progress. The governors realized in 1986 that the time was ripe for everyone in this country to embark on an agenda of national unity to enable us to restore the American dream. We had to revitalize our hope by developing the God-given capacities of our people to be full citizens and by restoring real and balanced economic growth to this country.

At that time, Governor Michael Castle of Delaware and I agreed to co-chair the National Governors' Association's Task Force on Welfare Reform. The group was formed to study welfare reform, but quickly concluded that the best way to reform the existing system was to reduce the need for it. So we changed the name of it to the Task Force on Welfare Prevention. At the same time, as chairman of NGA, I named four other groups to work on problems which relate to welfare dependency, but which have their own impact on society: teen pregnancy, drug and alcohol abuse, school dropouts and adult literacy. Together, these five task forces formed the NGA Bringing Down the Barriers Project, our attempt to bring down, with action, the barriers which keep so many of our people from becoming productive citizens.

One important reason the welfare system needed drastic reform was because the system in this country was developed decades ago for a society which no longer exists. When welfare was first instituted, the typical recipient of welfare was a West Virginia miner's widow, someone whose husband went into unsafe mines, died on the job, and had an inadequate pension. The widow had children who were too young to support themselves. She was a woman living in a society where women were not expected to work, and where she would be held blameless for having a sixth or seventh grade education. For her, the system worked fairly well.

But the welfare system will not work when half of those on welfare are in a class of permanently dependent individuals, sometimes passing their dependency from generation to generation; the welfare system will not work when there are no responsibilities imposed on recipients to break the chain of dependency and when there are no provisions for the kind of education and support services which would enable them to do so.

The system will not work when far more than half the working mothers from middle class families, without regard to race, are in the workforce, but welfare mothers are penalized if they accept a low paying job, which is all many can get, because they have to give up their children's medical insurance and pay someone else to provide the child care they were providing themselves.

Welfare had become fundamentally a substitute child support system--an income maintenance system for the children. Unfortunately, the problems which brought the parents to welfare were not addressed at all by the system which provides the check.

The governors knew things not only could, but must be changed. Some states, like Arkansas, had already begun with their own initiatives. The Manpower Demonstration Research Center has surveyed states' efforts to put welfare recipients to work. We worked very hard on it in Arkansas and they gave us an excellent report and provided valuable expertise to state officials over several years in helping to implement our program in the early 1980's. But more had to be done.

In February of 1987, 49 of the 50 governors voted to adopt a comprehensive bipartisan welfare reform policy, which represented a considerable departure from the present system. What we proposed to do was to turn this system on its head, to change it from an income maintenance program to a true education, training and work program, and in so doing prepare people to pursue their own path to independence.

The policy proposed the following changes:

- 1) Everyone on welfare should sign a contract committing to pursue independence in return for benefits.
- 2) The contract should be enforced through a casework management system in every state with a caseworker, known to the recipient, personally responsible for the enforcement.
- 3) The percent of welfare dollars spent on education, training and work placement should increase from one percent to between six and nine percent of the budget.
- 4) Every recipient with a child of at least three years old should pursue education and training to qualify for benefits.
- 5) If a job is available which does not pay for child care or the children's health coverage, there will be a transition period from welfare to work during which the government will continue to pay those costs.
- 6) Governments should increase efforts to collect child support, requiring even the most pennurious of fathers to make at least token contributions, because that, too, is part of a changing value system that underlies the whole concept of welfare in the United States.

The governors' policy was transmitted to the House and Senate where it was incorporated into bills encompassing the governor's ideas about welfare reform. Over a period of nearly two years (and at times it seemed much longer than that), the Congress, working with the NGA, produced a consensus on welfare reform that

was passed in September 1988 by a vote of 96-1 in the Senate and 347-53 in the House. President Reagan, who had earlier supported his own welfare reform package, signed the bill on October 13, 1988.

I was convinced after the bill was signed that we had to have an adequate planning process in the state, starting from the ground floor and working up. I immediately appointed a subcabinet group to begin to encourage interagency cooperation as we planned to implement our program, Project Success. I also appointed a Statewide Advisory Committee on Independence, which included social workers, welfare clients, program administrators and agency directors to help us devise and construct Project Success.

Because of these groups' efforts, agencies are sharing resources and information, conducting joint planning and coordinating policies. This coordination can be difficult to achieve, but it is absolutely critical to providing the comprehensive services that many clients and their families need to become self-sufficient.

On March 19, I was happy to help sponsor the country's first statewide conference on the Family Support Act. We had great support from state agencies, community action agencies, the legislature, the religious community, non-profit organizations, volunteer groups and clients on this project. More than 300 people attended the day-long event.

The newest aspect of Project Success came from this conference. This aspect, which entails the greatest change from previous programs and is potentially the most important, is the local planning and community involvement initiative. This initiative, which is now being implemented and which I understand is the only one of its kind in the U.S., will allow each community to mold Project Success to best fit its particular resources and needs. It is based on the premise that each community is different and can help its disadvantaged members in unique ways. Already, many communities have developed innovative programs. By bringing together providers, clients, advocates and other community leaders, we hope that communities will take ownership of the problems and, with our assistance, develop their own solutions.

We have done several things in Arkansas to empower clients: 1) We have been able to expand the HIPPPY program -- Home Instruction Program for Preschool Youngsters to reach about 4,000 children and adults in 18 programs in 27 counties around the state. Mothers involved in the program spend 20 minutes a day, five days a week, 30 weeks a year with their preschool children for two years trying to help them learn basic thinking and reasoning and speaking concepts and develop as learners. We have found even completely illiterate mothers can do this; and as they do it, they want to learn themselves. Results from the program have been phenomenal. 2) Our child care voucher system allows parents to choose their caregivers and we are working with the educational institutions to make sure that appropriate day care is accessible at or near each school. I know that Congress is currently moving toward adopting a voucher system. My only advice to the committee would be to take it slowly and allow time for all of the processes to be worked out. I prefer this approach because it allows parental choice and increases access to quality child care, but it requires a different delivery system and procedural changes that simply take time to implement.

Is this program working in Arkansas? Since July, when Project Success was implemented, we have seen about 220 people in the program move from welfare to employment per month. In the old WIN Demo program, we were averaging about half that amount. Also, we are serving about six times as many people in education programs under Project Success as we were able to under WIN Demo. Clearly, the program is having a profound effect on thousands of Arkansans each month and it is my hope that these numbers will continue to increase.

While I have been very pleased with what we have been able to do so far with the legislation, I do have one major concern: Although there is money for child care and transportation, if these services are not available to clients where they live, we are not allowed the flexibility to use that money to develop services and therefore our efforts to help these people to self-sufficiency are thwarted. I hope that in the near future money will be made available for these type of developmental activities, which are crucial for small rural states like Arkansas.

What is most exciting about this legislation, the Family Support Act of 1988, is that it offers mothers a chance to become contributing citizens without being bad mothers. It offers them a chance to break the cycle of dependency and to rescue a group of children and young adults who deserve a chance to participate and who are going to be needed by their country. Because of the coming labor shortage we don't have a person to waste. We could not afford to continue a welfare system that is all consumption, no investment and no pay back. That is why governors, congressmen and advocates worked to pass welfare reform legislation.

I believe that the components of the new legislation, taken together, represent a new and better approach to welfare reform. It combines the states' unique capacity to develop creative solutions to the problem and the federal government's ability and responsibility to set national standards. It reflects the importance of eliminating the causes of welfare. We focus on prevention, as well as intervention.

Research, experience and instinct have shown that there are key points in the life of an individual when it is possible to take action to prevent later problems in life, or to intervene to help an "at-risk" individual. Intervention and prevention now will prevent the need for the drastic and far more expensive solutions associated with our current welfare system. Intervening in the lives of young children can prevent health and education problems that could lead to future dependency. Intervention and prevention will now enable society to deal productively in the future with the problems of worker dislocation.

Welfare prevention efforts focus on training, education and ancillary services. We recognize that this will cost more money initially, but if we believe in economic independence and self-sufficiency, we must allocate some of our resources to invest in the critical building block--our people. Even in these tough economic times, Congress realized that we need to spend more money on education and training, we need to spend more money to guarantee quality child care and we need to spend more on Medicaid for people who move into jobs that pay so little that it is not profitable for them to get off welfare, give up food stamps and lose Medicaid.

One of the most valuable things about this program is that it will change the values underlying the system and the way the American government relates to the people who are on welfare. This program says to everybody: "We don't want to maintain you. We don't think you have a right to anything other than assistance in return for your best efforts and we believe in you enough to believe that you can become independent."

Government can put its arms around the problems, but you can't affect everyone directly with a government program. Still, you can change the values and the culture within which 100 percent of the people act. I believe that with the implementation of this system nationwide, we are saying something entirely different to every welfare recipient. We are saying that you can be somebody and you're going to be if we have anything to say about it. And when you go home tonight, even if you don't have a job, you will have been going to an adult education program to get your high

school diploma or you will be in a job training program, and when your child sees you at night, your child will know that you're out there trying to amount to something, trying to be a productive citizen and make a better life for him.

Yes, we may affect 10, 15 or 20 percent in the early years instead of 90 or 100 percent. But 100 percent of the people will be affected by what the new rules are and by what the new rules say about what we think of all the Americans and their potential.

I can still vividly remember a class I took when I was a freshman at Georgetown University. I had a brilliant professor of Western Civilization, Carroll Quigley. I still remember a lot of his lectures vividly. One was most important to me. He said that Western Civilization had been more successful than any of its predecessors in bringing the great mass of people out of poverty, ignorance and deprivation for one simple reason: that at the heart of our civilization there is a belief in the future, a conviction that the future can be better than the present and that each of us has a personal, moral, even a religious obligation to try to make it so. I remember how he pointed out to the class and said, "You know, the reason you are at Georgetown, as high as tuition is here, is because your parents prefer your future to their present. Mark my words, if this country ever gets to the point when the people who run things don't prefer their children's future to their present, we're finished." For the past several years, we have been acting like we're at least ambivalent about whether we believe the future can be better and whether we are willing to undergo the pain and the sacrifice to pay for it. We can change that, and I firmly believe that with the passage of the Family Support Act of 1988, that some of those walls that have been dividing us for so many years will slowly begin to fall.

Again, thank you Mr. Downey and Mr. Andrews for your support of this initiative. I appreciate your taking the time to visit Arkansas and hope your time here will be helpful as we all work to improve the lives of the people of our country.

Acting Chairman DOWNEY. Thank you, Governor.

Let me start with your recommendation. You say that the coverage requirements have outstripped the delivery capacity of some States.

How would we solve this problem? Would we allow portions of the money that we give you to be used to set up the delivery system?

Governor CLINTON. Yes. You might, for example, allow certain portions to be used in a matching form with the State to set up a rural transportation system, for example, to take the mothers and children to the central point for education, where there would be child care. You might allow some of it to be used to actually set up the public child care center that is going to be the only one in an x mile radius, to try to provide some delivery there.

I do not think you ought to provide 100 percent funding. You should make us match it, but that is just my opinion. Some people coming behind me may have a different idea, but I think that the States should be asked to do their part. But those are the kinds of things that I would like to see. You would have to put a pretty stiff cap on it. You would not want us to be in effect using Federal money on this program to fund more generally the expense of the child care facilities, but we do have these serious delivery problems.

Acting Chairman DOWNEY. Yes. How in the process of setting up Project SUCCESS did you sell this idea to the taxpayers of Arkansas? What enabled you to make SUCCESS a success?

Governor CLINTON. I told them that it would save money in the long run, and that we did not have a person to waste, and it made good sense to them. Just to give you one example. We have been a State 154 years, and about 52 percent of the prison beds in this State have been built in the last 10 years.

So, the people here are acutely aware of the high cost of failing the people.

Acting Chairman DOWNEY. Yes. Go ahead, Mike.

Mr. ANDREWS. If you could just yield for a second.

Acting Chairman DOWNEY. Absolutely.

Mr. ANDREWS. I wondered, Governor, if you could kind of put welfare reform and some of the programs you have done into the perspective of your State's economic health. What does it mean to job growth? What does it mean to your ability to compete with other States for high tech/higher quality jobs where the competition is very, very good?

Governor CLINTON. Well, there is no question that in the areas of the high level of welfare population, it is more difficult to get investment in, either locally or investing from the outside, and one of the things that we hope to be able to do is to extensively publicize as an economic development tool the efforts we are making to provide productivity to all of our working people, all of our adults, and I think it is going good.

I think if you make welfare reform work and then you can document it with some credibility in the South, that you virtually eliminate functional illiteracy among people who have a job. You do those two things, and make a credible case out of it, you dramati-

cally increase the per capita income of the Southern States and in the rural areas.

There is going to be a labor shortage in this country, according to the U.S. Labor Department, by next year some time, which means along the coast, foreign immigrants coming in, and in the heartland and places with high unemployment, they are going to be gold mines for investment, and as you see, a resumption of increases in income in the places that have been totally stagnant.

There are 20 States in this country, most of them in the heartland, and Arkansas is one of them, which show almost no per capita income or slight decrease or only modest increase in the 1980's on the national average, and another 10 where the bottom has fallen in. The majority of the States have either been static or actually declined in terms of their relationship in the national average per capita income.

That can all turn around if we can do two things: reach every person eligible for welfare reform, and eliminate functional illiteracy among all people who actually have a job today. Those two things will do more to raise the per capita income than any other things that we do.

Acting Chairman DOWNEY. Let me ask you about the evaluation that was done in Arkansas. It said that 57 percent of the potential Project SUCCESS participants have not completed high school, and that 52 percent have not worked at one job for 1 year or more.

Does this not make your job pretty tough in terms of getting these folks ready for the work place of tomorrow?

Governor CLINTON. It does, but I will be honest with you, I thought the numbers would be bigger. I really thought the numbers would be bigger. It shows you that there are a lot of people who have been really dislocated and actually have high school diplomas.

Acting Chairman DOWNEY. Right.

Governor CLINTON. And who will be able to benefit from this program more quickly.

One of the things that we did with the program is to give us more money, recognizing that people who never worked and do not have a high school diploma need not only more formal education but need some work at being prepared to take and hold a job. Some of the people who follow me on the panel today will be able to discuss this in greater detail.

We have some people here who really work hard with welfare mothers and who can answer a lot of the detailed questions you are asking. They have proven that it can be done successfully.

Acting Chairman DOWNEY. I would like you to give some thought to an idea that I have run by Congressman Andrews and others on this question of child support enforcement. It's an idea of David Ellwood's, where we would guarantee a certain dollar amount in child support to a mother, and then the Federal Government in conjunction with the States would go find it from the fathers. We would in general, do a much more rigorous job of collecting support, including establishing paternity in the hospital on the theory that—two theories: one, that people who work for a living should not be poor, and second that mothers should not be forced to be

both mothers and fathers. I will be sending you the details on this approach probably in the next couple of months.

Governor CLINTON. I would very much like to see it. All of us who work with this program know it is not what it was when it was started, and it was largely a child support program, and it has been for many years. So, I am very anxious to study it.

Another thing I think you might think about, my wife mentioned to me, after having gone to France to study the child care system there and the family allowance, you probably know this, but a lot of mothers, families and friends get an allowance as they come up to childbirth, even if they are not poor, but in return for that, they are required to make documented trips to the doctor and follow up every pregnancy.

The next thing we need to look at in this whole welfare debate is you look at the States with low birth weight pregnancies and high infant mortality rates. Again, as I said, there is a delivery system problem, but it is also possible that these people who are not at that delivery system, if we are going to have transportation to take them to job training sites, and make their children—or have their children have access to child care sites—another thing we really need to look at is once these people have come in contact with a public agency, is making sure that everybody sees a doctor the first time, that there is a regular health care regimen set up for the rest of the pregnancy.

If you do that, I think you will find that most of your low birth weights would be among working poor women, who work in work places that do not have health insurance, where the employer is not exposing them to whatever options should be followed, at least we could take care of that poorest part of our population. Just make it an integral part of the way we administer the welfare program.

Acting Chairman DOWNEY. Well, that is an excellent suggestion. Mike.

Mr. ANDREWS. Governor, immediate wage withholding, I think, is one of the most critical parts of the Welfare Reform Act for child support.

I wonder if you would tell me about Arkansas's law and how it is implemented. In the bill itself, in the Federal legislation, the States do not have to implement this act until 1994.

I wonder where Arkansas is in terms of wage withholding.

Governor CLINTON. I would like to—I cannot give you a detailed answer on that, but the director of the department of human services is here, and I wish you would ask him. I believe last year—I know we stepped up, and I think last year, our State was ranked 10th in overall child support out of the 50 States, but I cannot say that we have fully implemented all of the provisions of the law.

Mr. ANDREWS. All right.

Acting Chairman DOWNEY. Governor, thank you very much. We look forward to working with you in the future as these things move. I was advised by the staff director that, of course, the title XX money, which we expanded a little bit this year and will expand dramatically, we hope, next year, is available to you. I realize there are other claims on it, to help you with transportation, and we will examine as we get into conference your suggestions

about delivery mechanisms to see if we can help provide you some money there.

Governor CLINTON. Thank you very much.

Acting Chairman DOWNEY. OK. Thanks, Bill.

The subcommittee will next hear from a panel comprised of officials from Arkansas, Louisiana, and the State of Mississippi.

Dr. Terry Yamauchi, director of the Department of Human Services from the State of Arkansas; Office of Eligibility Determination, Louisiana Department of Services, Howard Prejean, assistant secretary; and from the State of Mississippi, the office of Governor, Jesse Buie, who is the special assistant for health and human services.

[Pause.]

Acting Chairman DOWNEY. Dr. Yamauchi, if you will begin.

STATEMENT OF TERRY YAMAUCHI, M.D., DIRECTOR, ARKANSAS DEPARTMENT OF HUMAN SERVICES

Mr. YAMAUCHI. Good morning. Good morning, Congressman Downey and Congressman Andrews.

I appreciate the opportunity to testify today. We are very excited in Arkansas about welfare reform and our JOBS program, Project SUCCESS.

Project SUCCESS contains many of the basic features as other job programs around the country. However, we think that Arkansas's approach and emphasis in some key areas will make Project SUCCESS essentially effective in helping people move from welfare to work.

First, we believe that the earliest we can intervene and help someone become independent of welfare, the more successful we will be. Therefore, we are requiring participation of clients that have children age 1 or older when child care and other necessary supports are available, we want our clients to get reinvested in productive environments as soon as possible.

Going down to age 1 also allows us to serve many more teen parents for whom we are making a special effort with our Project New Hope. New Hope now operates in over 20 counties in the State, provides intensive case management and resources to help teen mothers adjust to parenthood and stay connected to their schools.

Second, we agree with Secretary Sullivan's statement that welfare reform is more about getting a decent education than getting a dead-end job. Therefore, when we develop the employability plans with our clients, they are stressed to the need for education and training even though in the short run, it can mean higher program costs and a longer stay on the AFDC.

We are confident that better educated and training Project SUCCESS participants will find higher paying jobs faster and make their escape from welfare permanent.

Third, we worked very hard to ensure that our clients believe in themselves and see their own potential. We support mandatory participation because time and again, we see clients with poor self-images reluctantly enter our program but eventually become avid participants when they realize that they can take charge and change their lives.

Our employees approach plans with positive attitudes and it rubs off. These three characteristics along with our emphasis on inter-agency cooperation and local planning are absolutely critical in enabling a substantial number of our Project SUCCESS clients to move from dependence to independence.

Although Arkansas' JOBS Program is still evolving, we are already seeing encouraging results. We have also learned a great deal about what is necessary to implement a successful program. We believe there are three primary lessons which can help other States.

First and most important, one agency alone cannot implement true welfare reform. The problems are too complex, the jobs and resources too scarce. Only through a real commitment to working with other agencies and by asking local communities to chip in the resources and take ownership of the issues can you hope to succeed.

Second, this process takes time. Arkansas was able to implement JOBS rather quickly because our existing work program already had most of the JOBS requirements. However, the real reform of our program is ongoing, particularly at the local level.

States must not underestimate the planning time and energy needed to do it right.

Finally, our clients are responding enthusiastically to Project SUCCESS. They not only want to participate, they want effective services, including thorough education and training opportunities and quality child care. We are excited about this response, and we are confident that meeting these demands will pay off in the long run.

However, it does entail additional cost in the short run. States which are serious about helping clients become self-sufficient should be ready to commit the resources which a quality program demands.

We are generally pleased with the family support regulations. Nevertheless, we do have some significant concerns.

First, we believe that the reporting requirements are unnecessarily extensive and somewhat off the mark. Almost without exception, the reporting is related to activity rather than outcome and performance. The assumption seems to be that if activity is forced, performance will follow.

If you tell States you are looking for activity, then that is what you will get from them. Unfortunately, it may be activity at the expense of performance.

Second, due to the reporting requirements and our own desire to manage Project SUCCESS effectively, a great deal of systems development is needed, and at this time, neither the Federal matching nor the total funding available for systems development are conducive to this effort.

In addition, the regulations offer few, if any, opportunities in the development services we are required to provide. As mentioned by Governor Clinton, funding for transportation and day care is of little benefit if we cannot even use a small portion to develop these services, which are scarce or nonexistent in some parts of our State.

Turning from JOBS to the child support enforcement, we are particularly pleased with the provision for immediate income in the State guidelines for child support award amounts. These changes came into effect on October 1, 1989, and they have strengthened what was already a very strong effective program here in Arkansas.

Our concerns are primarily administrative and financial. We support the requirements for reviewing child support guidelines and providing notices of support payment collections. We believe, however, that they should be less onerous and the reporting requirements more effective.

In closing, as you can tell, although we do have some significant concerns with particular aspects of the Family Support Act, we are quite pleased with it overall.

Governor Clinton's efforts in support of this legislation illustrates Arkansas's commitment to the goal of welfare reform. Through Project SUCCESS, we believe that we can turn that goal into a reality.

Thank you.

[The statement of Dr. Yamauchi follows:]

TESTIMONY OF DR. TERRY YAMAUCHI, DIRECTOR, ARKANSAS DEPARTMENT OF
HUMAN SERVICES, TO THE HUMAN RESOURCES SUBCOMMITTEE OF THE
COMMITTEE ON WAYS AND MEANS OF THE UNITED STATES HOUSE OF
REPRESENTATIVES

April 30, 1990

I appreciate the opportunity to testify today. We're very excited in Arkansas about welfare reform and our JOBS program, Project SUCCESS. Project SUCCESS contains many of the same basic features as other JOBS programs around the country. However, we think that Arkansas' approach, and emphasis in some key areas, will make Project SUCCESS especially effective in helping people move from welfare to work.

Project SUCCESS

First, we believe the earlier we can intervene to help someone become independent of welfare, the more successful we will be. Therefore, we require participation of clients who have children age one or older. When child care and other necessary supports are available, we want our clients to get re-involved in productive environments as soon as possible. Going down to age one also allows us to serve many more teen parents, for whom we are making a special effort with our Project New Hope. New Hope, which now operates in over 20 counties, provides intensive case management and resources to help teen mothers adjust to parenthood and stay connected to their schools.

Second, we agree with Secretary Sullivan's statement that welfare reform is more about getting a decent education than getting a dead-end job. Therefore, when we develop employability plans with our clients we are stressing the need for education and training, even though in the short run it can mean higher program costs and a longer stay on AFDC. We are confident that better educated and trained Project SUCCESS participants will find higher paying jobs faster and make their escape from welfare permanent.

Third, we work very hard to ensure that our clients believe in themselves and see their own potential. We support mandatory participation, because time and again we see clients with poor self images reluctantly enter our program, but eventually become avid participants when they realize that they can take control of, and change, their lives. Our employees approach clients with a positive attitude and it rubs off.

These three characteristics, along with our emphasis on interagency cooperation and local planning, are absolutely critical in enabling a substantial number of our Project SUCCESS clients to move from dependence to independence.

Lessons for Implementation

Although Arkansas' JOBS program is still evolving, we are already seeing encouraging results. We have also learned a great deal about what is necessary to implement a successful program. There are three primary lessons which I believe can help other states.

First, and most important, one agency alone cannot implement true welfare reform. The problems are too complex; the JOBS resources are too scarce. Only through a real commitment to working with other agencies - and by asking local communities to chip in resources and take ownership of the issues - can you hope to succeed.

Second, this process takes time. Arkansas was able to implement JOBS rather quickly because our existing work program already met most of the JOBS requirements. However, the real reform of our

Dr. Terry Yamauchi, Arkansas Dept. of Human Services
 Testimony on Welfare Reform
 April 30, 1990
 page 2

program is ongoing, particularly at the local level. States must not underestimate the planning time and energy needed to do it right.

Finally, our clients are responding enthusiastically to Project SUCCESS. They not only want to participate, they want effective services, including thorough education and training opportunities and quality child care. We are excited by this response and we are confident that meeting these demands will pay off in the long run. However, it does entail additional costs in the short run. States which are serious about helping clients become self-sufficient should be ready to commit the resources which a quality program demands.

Concerns about the Act and Regulations

Generally, we are in agreement with the Family Support Act regulations; nevertheless we do have some significant concerns. First, we believe that the reporting requirements are unnecessarily extensive and somewhat off the mark. Almost without exception, the reporting is related to activity rather than outcome or performance. The assumption seems to be that if activity is forced, performance will follow. If you tell states that you are looking for activity, then that's what you get. Unfortunately, it may be activity at the expense of performance.

Second, due to the reporting requirements and our own desire to manage Project SUCCESS effectively, a great deal of systems development is needed. At this time, however, neither the federal matching rates nor the total funding available for systems development are conducive to this effort.

In addition, the regulations offer few, if any, opportunities to develop the services we are required to provide. Funding for transportation and day care is of little benefit if we cannot use even a small portion to develop these services which are scarce or non-existent in many areas of our state.

Child Support Enforcement

Turning from JOBS to child support enforcement, we are particularly pleased with the provision for immediate income withholding and the state guidelines for child support award amounts. Both of these changes went into effect on October 1, 1989, and they have strengthened what was already a very effective program in Arkansas.

Our concerns are primarily administrative and financial. We support the requirements for reviewing child support guidelines and providing notices of support payment collections. We believe, however, that they could be less onerous and the reporting requirements more effective. Moreover, we would be happy to offer some specific recommendations to this effect.

Conclusion

In closing, as you can tell, although we do have some significant concerns with particular aspects of the Family Support Act, we are quite pleased with it overall. Governor Clinton's efforts in support of this legislation illustrate Arkansas' commitment to the goal of welfare reform. Through Project SUCCESS we believe that we can turn the goal into a reality. Thank you.

Acting Chairman DOWNEY. Thank you, Doctor.
Mr. Prejean.

**STATEMENT OF HOWARD L. PREJEAN, ASSISTANT SECRETARY,
OFFICE OF ELIGIBILITY DETERMINATIONS, LOUISIANA DE-
PARTMENT OF SOCIAL SERVICES**

Mr. PREJEAN. Mr. Chairman, I am Howard Prejean, the assistant secretary for the Office of Eligibility Determinations in Louisiana. It is the office responsible for the Unemployed Parent Program, the AFDC Program, Child Support Program, and also the JOBS Program.

We in Louisiana are at a distinct disadvantage in the implementation of this program because we have really no track record in the administration of JOBS Programs per se. We have a small WIN demonstration project in one parish which was administered by the department of labor prior to implementation of this legislation. We will implement the JOBS Program in 10 of our parishes October 1, 1990. Those 10 parishes represent roughly 48 percent of our total AFDC caseload. We anticipate going from zero to roughly 10,000 participants within a 9-month period.

Louisiana has much to gain from the implementation of the Family Support Act. Gov. Buddy Roemer, the legislature, the department of social services and, for the most part, the AFDC client population firmly supports the implementation of this legislation. We have had broad-based participation in the forming of a plan, a statewide plan for implementation of this process.

Governor Roemer appointed a blue ribbon committee by executive order which had representation from all members of and all sectors of society, the department of education, department of labor, department of economic development and client groups, service provider groups and State employees.

We, in turn, now have driven that process down to the 10 parishes where the projects will be implemented. Those parishes have parish advisory boards chaired by parish administrators and consisting of members of the same groups of people that were involved at the State level and at the parish level. Each one of those parishes will have a plan developed sometime around June.

Louisiana faces significant problems in this implementation that other States did not have to face because of the history that they have in these programs. Lack of history is one of the problems we face. We have no prior history of client characteristics such as work experience, literacy level, educational level at the conception of the program. We have to go in and do a manual computation of those kind of statistics.

Our current staff cannot handle the JOBS aspects of the program. Existing staff cannot absorb the workload. We are anticipating hiring 438 additional staff. Very few of our existing facilities can handle the existing staff work and we have to expand the facilities. A management information system has to be developed to handle the program.

In addition to these system problems, there are other factors in Louisiana that greatly affect the implementation of such a program. Our AFDC population has been increasing rapidly for the

past 8 years. We currently have 94,000 cases, an increase of 30,000 cases in the past 8 years. We have the fifth lowest AFDC grant level in the United States; 13th of the 15 Southern States, averaging \$168 a month for a family of three, which represents roughly 23 percent of the poverty level.

We envision that some of our job-related and transitional child care payments for one child will exceed the maximum monthly grant amount for an AFDC family. We also have an economic condition that provides an unemployment rate of 7.2 percent, the sixth highest in the Nation with currently 185,000 people looking for jobs.

Our illiteracy rate is estimated to be 16 percent and we have an adult population over age 25 in which nearly 8 percent have fewer than 5 years of schooling, a statistic that ranks us 50th among the 50 States. We also have the Nation's third highest teen-pregnancy rate at 32.4 percent, representing approximately 12,500 live births annually to teenage mothers.

As I previously mentioned, we have no experience in Unemployed Parent Program or supportive transitional assistance. We do expect a mass application for the Unemployed Parent Program because of the economic downturn in the agriculture and oil industries in our State in the last few years.

The above-mentioned factors will require an enormous initial upstart cost in the implementation of this program, and we see a significant spending in education and training in the first few years of our program. Roughly 60 percent of our targeted individuals will be in some sort of educational-type component. Surprisingly enough, as the Governor from Arkansas mentioned, from our preliminary surveys of those 10 parishes, we were delighted to find that we may have from 3,000 to 4,000 recipients ready to go into some other form or component of the program: job readiness, job search, on-the-job training, job supplementation, and so forth.

We recognize these barriers and are concentrating our efforts on developing a program that will alleviate them.

We have some concerns that continue to be in the legislation that I want to just touch lightly on. We feel that regulations, new regulations on the AFDC-UP Program need to be devised which are not as cumbersome, time-consuming and error-prone as the current regulations from the old current optional AFDC-UP Program.

We also were forced to implement the medical transition assistance program without any regulations from the Health Care and Financing Administration. Louisiana has a massive Medicaid and State-supported charity hospital system. So, any significant changes in these regulations when they are issued will present us major problems should we miss the intent of the Congress and of the agency involved.

We are also concerned about performance, as my colleague from Arkansas expressed earlier. In the transitional child care program, we question the logic in establishing deprivation as the only ongoing factor of eligibility for that program.

Overall, the changes in the Child Support Program resulting from the Family Support Act will have a positive effect on collec-

tions, especially the automatic income assignment which we implemented in October 1989 in Louisiana.

Some concerns we have, however, are that the case closure criteria are too restrictive. The sending of monthly notices to AFDC recipients, the timeframes which are too restrictive, and the requirement to file a paternity suit or excluding the parent through blood tests will cause a backlog of cases in the court. There should be some review of the judicial system which we would hope to be the next area of legislation addressed in improving the efficiency of the child support program.

Our primary concern is that the child support program will be a process oriented program rather than a result oriented program as it currently is.

In conclusion, we of Louisiana view the Welfare Reform Act as the single most important happening in the history of social services. And Louisiana intends to take full advantage of it.

[The statement of Mr. Prejean follows:]

House Ways and Means Committee
Public Hearing
Little Rock, Arkansas
April 30, 1990

Comments by: Howard L. Prejean
Assistant Secretary
Louisiana Department of Social Services
Office of Eligibility Determinations

The Louisiana Department of Social Services, Office of Eligibility Determinations will implement the Job Opportunities and Basic Skills (JOBS) portion of the Family Support Act on October 1, 1990. Initial implementation will be in 10 of our 64 parishes. These ten parishes represent 48% of the total AFDC caseload.

Louisiana has much to gain from the implementation of the Family Support Act with its stated objective of assuring that both parents assume responsibility for the support of their dependent children. The governor, the legislature, the Department of Social Services and, for the most part, the AFDC client population firmly support the implementation of this legislation. We have solicited broad-based participation in the statewide planning and preparation for the changes that are mandated by the Act and as a result we have generated considerable interest and enthusiasm.

The Louisiana IV-A agency faces problems in implementation that other states with previous experience in work programs will have already solved. Problems unique to the Louisiana Office of Eligibility Determinations are:

LACK OF HISTORY:

- No prior history of client characteristics such as work experience or literacy levels. In April, 1989 we surveyed 10% of the AFDC caseload (9588) to determine characteristics to identify potential JOBS participants. See Exhibit 1. In addition, in March, 1990 we began conducting a survey of recipients in the 10 parishes to determine the number of mandatory JOBS participants. The survey of 30,878 recipients will be complete April 30, 1990.

EXPANSION OF STAFF:

- Existing staff cannot absorb the JOBS workload. The AFDC administrative cost per recipient is \$6.72, 14th among the 15 southern states. See Exhibit 2. We anticipate hiring 438 staff members to implement the Family Support Act of 1988.

EXPANSION OF PHYSICAL PLANTS:

- Very few of our existing parish offices have the space and equipment to accommodate JOBS staff. We are negotiating new leases and purchasing equipment for the additional staff.

JOBS SYSTEM:

- A new information system is being designed for JOBS.

Other factors which impact implementation are:

- A constantly increasing AFDC population which now numbers approximately 94,300 (282,900 recipients) - an increase of more than 30,000 cases over the past eight years; See exhibit 3.
- The nation's fifth lowest AFDC grant level (thirteenth among fifteen southern states)
 - a grant that averages only \$168.00 per month for a family of three. See exhibit 4.
 - These grants represent only 23% of the federal poverty level.

- a grant sufficiently low that it creates an additional problem in that JOBS-related and Transitional Child Care payments for one child may well exceed the maximum monthly AFDC grant for a family of three;

- A statewide economic condition that has resulted in an unemployment rate of 7.2% - sixth highest in the nation - with some 184,600 people actively seeking employment, a statistic that would be considerably higher if so many unemployed individuals had not left the state to seek jobs elsewhere; see Exhibit 5.

- An illiteracy rate that is estimated to be 16% and an adult population (over age 25) in which nearly 8% have fewer than five years of schooling - a statistic that ranks Louisiana fiftieth among the 50 states; See exhibit 6.

- The nation's third highest teen pregnancy rate at 32.4% representing approximately 12,500 live births annually to teen age mothers; See exhibit 7.

Virtually no prior experience with an AFDC Unemployed Parent Program, or supportive and transitional assistance.

We anticipate an initial high rate of applicants for the AFDC-UP program because of the economic downturn in the agriculture and oil industries.

We recognize these barriers and will concentrate our efforts on developing a program that will alleviate them or, if necessary, will operate successfully in spite of their existence.

However, there are problems inherent in the legislation itself that we request your assistance in correcting. Primary among these are:

AFDC-UP:

- We need AFDC-Up regulations for the Family Support Act. Current regulations at 45 CFR - 233.100(a)3 for determining qualifying employment history of the principal wage earner is unnecessarily cumbersome, time-consuming and error prone. We anticipate that due to Louisiana's depressed economy, interest in this program will be extensive and that the application rate will be high. The research, documentation and calculation necessary to determine eligibility as it relates to the unemployment factor alone will require an inordinate amount of staff time, especially in view of the fact that we expect a high rejection rate because many of our unemployed citizens have not been in the job market for extensive periods of time.

EDUCATION: Federal regulations at 250.32

- The multiple age requirements are complicated and, consequently, are error prone. The reason for establishing several separate age categories and corresponding education considerations is unclear. The need to provide education as a basic step in assuring self-sufficiency to those clients who are still young and, consequently, most likely to benefit from the JOBS program, seems to be met by designating as part of the target group those custodial parents under age 24 who meet the stated criteria. Complicating this simple designation of age group by specifying special approaches to and consideration of the various age groups within this segment of the target population creates an additional burden on the worker or case manager in determining what activity is appropriate for a specific individual based on that individual's age.

Louisiana has a high percentage of participants in these various groups because of the high teenage pregnancy rate, unemployment rate and illiteracy rates previously mentioned.

We recommend that the simplicity and straightforwardness of targeting the custodial parent under age 24 be retained and that references to special provisions for other age designations be deleted.

PARTICIPATION REQUIREMENTS: Federal regulations at 250.78 (b)(4)

- We join other states in expressing concern about participation requirements in order to qualify for Federal Financial Participation. Current requirements will make it difficult to design a program that will be responsive to the needs of our AFDC client population and at the same time take into consideration the state's economic conditions. The averaging of hours of client participation as well as the requirement that individuals participate in at least 75% of scheduled activities will necessitate extensive tracking to ensure that the agency is in compliance with participation standards. Such extensive tracking may well require so much staff time that the ultimate result will be the diminished effectiveness of the program.

TRANSITIONAL CHILD CARE:

- We question the logic in establishing deprivation as the only on-going factor of eligibility for the Transitional Child Care program as stated in an Office of Family Assistance directive. Since there are numerous other possible changes in family circumstances that have the potential to affect traditional AFDC eligibility, it is unclear why this particular factor is singled out as a condition that may make a family ineligible for this transitional supportive service. It seems more appropriate to design a program to more closely track AFDC, in which all eligibility factors would be considered, or the Medicaid program in which no change in circumstances affects eligibility. For program simplification, administrative expediency and reduced error rates we support the latter option.

TRANSITIONAL MEDICAL BENEFITS:

- We, as other states, were forced to implement Transitional Medical on April 1, 1990 without regulations from the Health Care Financing Administration.

As Louisiana has a massive Medicaid and state supported charity hospital system any significant changes when the regulations are issued could create major problems.

Support Enforcement

Overall the changes in the Support Enforcement Program resulting from the Family Support Act will have a positive effect on collections, especially automatic income assignment.

Problem areas for Louisiana are as follows:

1. Case closure criteria are too restrictive. They will cause us to spend much time on non-productive cases, and will cause a back-log in court.
2. Sending a monthly notice to AFDC recipients regarding distribution of collections will drastically increase postage costs and will probably prompt more phone calls from AFDC payees. These extra phone calls will take time away from productive activities. This provision serves no worthwhile purpose for the recipient or the agency.
3. Time frames are too restrictive.

Example: a) must complete interview of payee within 20 days of application or referral

b) must establish obligations within 90 days of application or referral

- c) must file paternity suit on all cases within 90 days of application or referrals. (This will log the courts with too many cases.)
- d) service of process must be completed within 60 days

- 4. There is an inherent danger that the child support program will become a process oriented program rather than a result oriented program as it currently is.

Requirement to either file a paternity suit or exclude alleged absent parent through blood testing will cause us to file suits on many poor cases. This will log the court system, resulting in a delay for good cases. It may also cause us credibility problems with the courts. These poor cases will also require more court time in an attempt to establish paternity.

JOBS PROGRAM SURVEY



Total # Surveyed in April, 1989: 9,588

Total AFDC Caseload in April, 1989: 92,385

Survey = 10% of caseload

ANALYSIS OF DATA BY CHARACTERISTIC

Age of Parent

- ° Largest age group = 24 to 34 (49%)
 - ° Second largest = 20 to 23 (19%)
 - ° Third largest = 35 to 44 (18%)
- 86% between the ages of 20 and 44

Sex of Parent

98% Female

Race of Parent

83% Black
15% White
2% Other

Educational Level of Parent

42% completed High School/GED
15% completed 11th Grade
13% completed 10th Grade
9% completed 9th Grade
6% completed 8th Grade
85% completed at least 8th grade which is recognized in the Federal regulations as the grade level that will provide a basic literacy level [45CFR250.44(a)(2)]

Marital Status of Parent

56% Never Married
21% Married, not living with spouse
15% Divorced or Widowed

Exhibit #1

Number of Children By Age

Total number of children surveyed = 21,765
 Average number of children per case surveyed = 2.3

32% of children were between 6 and 11 years of age
 22% were between 3 and 5
 15% were between 12 and 15
 14% were between 1 and 2
 9% were 16 and older
 8% were under 1 year

Number of Incapacitated or Aged Parents

8%

Number of Parents Needed at Home to Care for Another

30% Note: This figure may not be representative because of confusion regarding need to care for incapacitated individuals vs. care of children.

Number of Parents Employed 30 or More Hours Per Week

3%

Employment History of Parent: Length of Time Since Last Job

43% more than 2 years ago
 26% never worked ————— 69%
 10% 6 months to 1 year ago
 6% currently working

Number of Months on Welfare in Preceding 60 Months

53% More than 36 months
 12% 13-24 months
 12% less than 7 months
 10% 7-12 months
 10% 25-36 months

Is Day Care Ever Used? Most Frequent Method

66% Never Used
 21% Family
 6% Day Care Center

If Parent Works or Finds Work, Is There Someone Who Can Care for the Children?Clients Preference

- 49% Family
- 18% Day Care Center
- 16% No
- 6% Friends

For Those Who Pay, Average Day Care Cost Per Hour

\$3.84 Note: We believe this question was misunderstood and data is not representative.

Client's Perception of Greatest Barriers To Employment

- | | |
|--------------------------------|------------------------------|
| 1. 23% Transportation Problems | 2. 20% No Day Care Available |
| 17% Not Enough Education | 18% Transportation Problems |
| 16% Other | 18% Not Enough Experience |
| 12% Day Care Too Expensive | 18% Not Enough Training |
| 11% No Day Care Available | 13% Not Enough Education |
| 11% Not Enough Training | 10% Day Care Too Expensive |
| 10% Not Enough Experience | 3% Other |

States must spend 55% or more of their JOBS expenditures on members of the States target population or lose enhanced funding. The target populations are defined as follows:

- (1) Is receiving AFDC, and has received such aid for any 36 of the preceding months;
- (2) Makes application for AFDC, and has received such aid for any 36 of the 60 months immediately preceding the most recent month for which application has been made;
- (3) Is a custodial parent under the age of 24 who:
 - (i) Has not completed a high school education and, at the time of application for AFDC, is not enrolled in high school (or a high school equivalency course of instruction); or
 - (ii) Had little or no work experience in the preceding year; or
- (4) Is a member of a family in which the youngest child is within 2 years of being ineligible for AFDC because of age. (16 years +)

Prepared by: Carolyn Hitt, Director
 Assistance Payments Program
 Office of Eligibility Determinations
 May 25, 1989

JOBS PROGRAM SURVEY
 Page 3 of 3

Administrative Costs

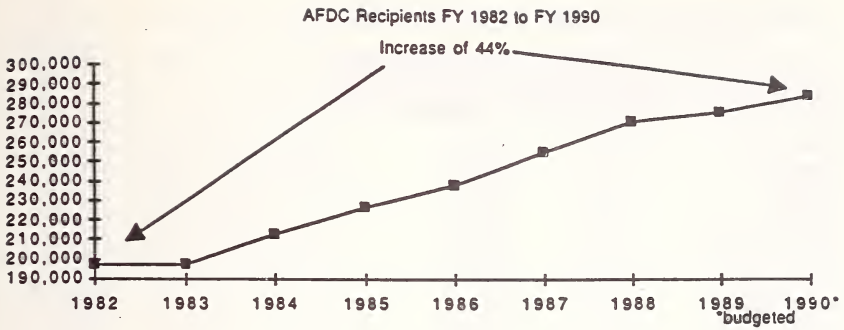
Administrative Costs are Low Louisiana's AFDC program has one of the lowest administrative costs in the country, ranking next to the lowest of the southern states, and less than one-half the southern average. One of the major reasons for this low administrative cost is that Louisiana's caseload per worker ratio is high in comparison to other states. The workload per employee has increased 53 percent between 1984 and 1988. Another factor contributing to the lower costs may be that Louisiana tends to have more long-term recipients than other states, and typically applications are more costly to process than monitoring on-going cases.

SOUTHERN STATES-AFDC ADMINISTRATIVE COSTS

STATE	Administrative Cost Per Recipient Per Month	Rank
OKLAHOMA	\$24.27	1
WEST VIRGINIA	\$22.01	2
VIRGINIA	\$21.35	3
FLORIDA	\$19.53	4
MARYLAND	\$18.32	5
NORTH CAROLINA	\$17.37	6
GEORGIA	\$16.24	7
SOUTH CAROLINA	\$14.17	8
TENNESSEE	\$11.91	9
KENTUCKY	\$10.47	10
ALABAMA	\$10.41	11
ARKANSAS	\$9.79	12
TEXAS	\$8.59	13
LOUISIANA	\$6.72	14
MISSISSIPPI	\$5.53	15
SOUTHERN AVG.	\$14.45	
LOUISIANA AS % OF SOUTHERN AVG.	46.5%	

source: HHS, 2nd qtr FY 1989

Exhibit #2



REGION VI - FY '89

Comparison of Number of AFDC Cases

Texas	181598
Louisiana	92194
Oklahoma	35930
Arkansas	29914
New Mexico	20372

AFDC BENEFITS BY STATE-SOUTHERN STATES

State	Avg. Monthly Payment Per Family	Rank
Maryland	\$344	1
Oklahoma	\$289	2
Florida	\$269	3
Virginia	\$256	4
Georgia	\$249	5
North Carolina	\$237	6
West Virginia	\$230	7
Kentucky	\$217	8
South Carolina	\$208	9
Arkansas	\$192	10
Tennessee	\$170	11
Texas	\$169	12
Louisiana	\$168	13
Mississippi	\$119	14
Alabama	\$113	15
Southern Avg.	\$215	
U.S. Avg.	\$364	

source: HHS 3rd quarter data, federal FY 1989

AFDC RECIPIENTS COMPARED TO TOTAL POPULATION

State	1988 AFDC Recipients	1988 Total Population	1988 AFDC Pop. As % of Total Pop.	Rank
Mississippi	180,380	2,620,000	6.9%	1
Louisiana	272,442	4,408,000	6.2%	2
West Virginia	110,798	1,876,000	5.9%	3
Kentucky	155,201	3,727,000	4.2%	4
Georgia	251,095	6,342,000	4.0%	5
Maryland	175,424	4,622,000	3.8%	6
Tennessee	185,757	4,895,000	3.8%	7
South Carolina	116,758	3,470,000	3.4%	8
Alabama	131,403	4,102,000	3.2%	9
Oklahoma	101,979	3,242,000	3.1%	10
Texas	507,703	16,841,000	3.0%	11
Arkansas	68,519	2,395,000	2.9%	12
North Carolina	182,842	6,489,000	2.8%	13
Florida	307,053	12,335,000	2.5%	14
Virginia	144,630	6,015,000	2.4%	15
Southern Avg.	2,891,984	83,379,000	3.5%	
US	10,734,950	245,807,000	4.4%	

Sources: AFDC data is from HHS, federal FY 1988. Population data is from ACIR

Exhibit #4

FEBRUARY 1990 UNEMPLOYMENT RATE RANKED BY STATE

OBS	STATE	FEB 1990 RANKING	FEB 1990 RATE
1	ALASKA	1	8.8
2	WEST VIRGINIA	2	8.4
3	MICHIGAN	3	8.1
4	MISSISSIPPI	4	7.7
5	KENTUCKY	5	7.5
6	LOUISIANA	6	7.2
7	RHODE ISLAND	6	7.2
8	ALABAMA	8	7.1
9	ARKANSAS	8	7.1
10	TEXAS	10	7.0
11	IDAHO	11	6.7
12	ILLINOIS	12	6.6
13	OKLAHOMA	12	6.6
14	OHIO	14	6.5
15	WYOMING	14	6.5
16	MISSOURI	16	6.4
17	WASHINGTON	16	6.4
18	PENNSYLVANIA	18	6.3
19	COLORADO	19	6.2
20	NEW MEXICO	20	6.1
21	OREGON	21	6.0
22	MONTANA	22	5.9
23	FLORIDA	23	5.8
24	MASSACHUSETTS	23	5.8
25	DISTRICT OF COLUMBIA	25	5.6
26	INDIANA	25	5.6
27	NEW YORK	27	5.5
28	CALIFORNIA	28	5.3
29	CONNECTICUT	28	5.3
30	MAINE	28	5.3
31	TENNESSEE	28	5.3
32	DELAWARE	32	5.2
33	WISCONSIN	33	5.1
34	IOWA	34	5.0
35	NEW JERSEY	34	5.0
36	SOUTH CAROLINA	34	5.0
37	GEORGIA	37	4.9
38	NEVADA	37	4.9
39	NEW HAMPSHIRE	37	4.9
40	NORTH DAKOTA	37	4.9
41	MINNESOTA	41	4.7
42	ARIZONA	42	4.6
43	UTAH	42	4.6
44	VERMONT	44	4.4
45	VIRGINIA	44	4.4
46	KANSAS	46	4.1
47	SOUTH DAKOTA	47	4.0
48	MARYLAND	48	3.9
49	NORTH CAROLINA	48	3.9
50	HAWAII	50	3.1
51	NEBRASKA	51	2.8

LOUISIANA

% ADULT POPULATION
WITH FEWER THAN FIVE
YEARS OF SCHOOL

<u>STATE</u>	<u>(%)</u>
Iowa	1.1
Minnesota	1.2
Nebraska	1.2
New Hampshire	1.2
Kansas	1.3
Montana	1.3
Utah	1.3
Vermont	1.3
Wyoming	1.3
Oregon	1.4
Washington	1.4
Nevada	1.5
South Dakota	1.5
Idaho	1.6
Wisconsin	1.7
Colorado	1.8
Maine	1.8
Indiana	1.9
Ohio	2.0
Pennsylvania	2.1
Delaware	2.2
Michigan	2.2
North Dakota	2.3
Maryland	2.5
Missouri	2.5
Connecticut	2.6
Illinois	2.8
Massachusetts	2.8
New Jersey	3.0
Alaska	3.1
Oklahoma	3.1
Florida	3.3
D.C.	3.6
New York	3.6
Arizona	3.8
Rhode Island	3.9

% ADULT POPULATION
WITH FEWER THAN FIVE
YEARS OF SCHOOL

<u>PARISH</u>	<u>(%)</u>
St. Tammany	3.2
National Avg.	3.4
Jefferson	3.7
EBR	3.8
Vernon	4.3
Bossier	4.4
St. Bernard	4.6
Beauregard	4.8
Lincoln	5.2
Orleans	5.5
Caddo	5.8
Ouachita	6.3
Ascension	6.6
LaSalle	6.6
Livingston	6.6
St. Charles	7.1
St. John	7.1
Union	7.2
Calcasieu	7.3
Washington	7.4
Winn	7.6
Grant	7.8
State Avg.	7.8
Caldwell	7.9
Jackson	8.3
Rapides	8.3
Webster	8.3
West Carroll	8.5
St. James	8.9
Plaquemines	9.0
WBR	9.1
W. Feliciana	9.1
Lafayette	9.2
Tangipahoa	9.2
Bienville	9.4
St. Helena	9.9

California	4.0
W. Virginia	4.5
Virginia	4.8
Hawaii	5.3
New Mexico	5.6
N. Carolina	5.9
Kentucky	6.0
Tennessee	6.0
Arkansas	6.1
Alabama	6.3
Georgia	6.4
Texas	6.5
S. Carolina	7.1
Mississippi	7.4
Louisiana	7.8

Allen	10.1
Richland	10.4
Cameron	10.8
Concordia	10.8
Sabine	10.8
St. Mary	10.8
Morehouse	10.9
Catahoula	11.7
Natchitoches	11.2
Terrebonne	11.5
E. Feliciana	11.9
Jeff. Davis	11.9
DeSoto	12.1
Claiborne	12.4
Iberia	12.5
Red River	13.0
Iberville	13.5
Madison	13.6
Lafourche	14.2
Avoyelles	14.5
Pointe Coupee	14.8
Franklin	15.1
Vermilion	15.9
Acadia	16.5
E. Carroll	17.0
Tensas	17.2
Assumption	17.6
St. Martin	19.1
St. Landry	19.8
Evangeline	20.6

Number Of Births In 1937 To Mothers Under Age 20

	Of All First Births to Mothers Of All Ages, % To A Mother Under 20
=====	
Mississippi	36.8
Arkansas	34.4
Louisiana	32.4
Kentucky	31.5
Alabama	31.4
West Virginia	31.3
New Mexico	30.9
Oklahoma	30.7
Tennessee	29.1
South Carolina	28.9
Georgia	28.8
Dist of Colum	28.6
Texas	28.2
Arizona	27.5
North Carolina	27.1
Indiana	26.5
Missouri	25.6
Ohio	25.4
Idaho	25.1
Utah	24.5
Michigan	24.1
Illinois	23.7
Florida	23.7
Wyoming	23.7
South Dakota	23.4
Delaware	23.2
Oregon	23.1
Kansas	23.0
Nevada	22.3
Montana	22.2
California	21.0
Pennsylvania	20.7
Washington	20.3
Maryland	20.3
Alaska	20.2
Colorado	20.1
Virginia	19.9
Wisconsin	19.9
Iowa	19.7
Maine	19.6
Nebraska	19.4
Hawaii	18.9
Rhode Island	18.0
North Dakota	17.4
New York	17.0
New Jersey	16.0
Minnesota	15.6
Vermont	15.5
Connecticut	15.0
New Hampshire	14.8
Massachusetts	14.8
=====	
U.S. Total	23.3

Exhibit #7

STATEMENT OF JESSE BUIE, SPECIAL ASSISTANT TO THE GOVERNOR OF MISSISSIPPI ON HEALTH AND HUMAN SERVICES, OFFICE OF THE GOVERNOR

Mr. BUIE. Mr. Downey, Mr. Andrews, I bring greetings to you from the State of Mississippi on behalf of Gov. Ray Mabus. The opportunity to speak to you is most appreciated. I intend to be brief, but hope to be impactful in sharing some of the difficulties which we expect to encounter in implementing the provisions of the Family Support Act. Since there seems to be three distinct and primary provisions, I will attempt to address each separately.

Under child support enforcement, child support enforcement has proven to be one of Mississippi's major challenges in its war against poverty. The State's ability to effectively implement the child support provisions of the act greatly hinge on many factors. A factor most crucial to effective enforcement will be improving the child support client case to staff ratio. Currently, staff attorneys and social workers are saturated with cases, struggling in their attempt to appropriately service each. While the Family Support Administration stipulates a minimum requirement for the establishment of paternity and the periodic review of child support cases to determine needed changes, without sufficient staff, the provisions become an additional barrier to service delivery rather than the expected tool for improved services. Equally noted is the issue of the high unemployment rate among absent or noncustodial parents in Mississippi. Such consistency among the absent parent population seems to warrant an increase in educational and skills training opportunities so that these individuals may also be able to respond to the challenge of the act which is that parents become capable of and responsible for taking care of their own.

Mr. Andrews, I think you mentioned earlier that this might be an avenue which we need to pursue; but, as you see in Mississippi, because many of the noncustodial parents are not working, themselves, this continues to be a problem.

The JOBS training program, Congress is to be commended on its efforts to create an employment training program that recognizes the multiple needs of the aid to families with dependent children recipients. Mississippi will endeavor to implement a JOBS Program by the mandated deadline of October 1, 1990. One of the issues which will impact on the State's ability to implement an effective program will be the availability of resources as State match for component and supportive services.

While Mississippi is most committed to increasing the employability of welfare recipients, the reality of limited funding will dictate its ability to effectively provide job services on a broad scale to eligible citizens.

Currently, the Family Support Act legislation is interpreted as mandating statewide implementation by 1992. Federal regulations restrict the usage of lack of resources as a legitimate reason for not implementing JOBS statewide. Given such restriction and proposed sanctions against States for failing to meet this regulatory requirement, Mississippi will again be placed in a position of having to spread its limited resources among many mainly in an effort to meet a Federal mandate.

As an additional issue, the act mandates the coordination of available resources in an effort to increase the employability of the target audience. Cooperation from other resources in the State has been tremendous. However, enabling legislation to facilitate a stronger commitment to the allocation of resources by other agencies to specifically serve the target population in collaboration with health and human services would be meaningful.

Finally, Congress appeared to provide flexibility in the legislation on matters such as program design for the JOBS Program. With the issuance of the Federal regulations governing the implementation of the program, it appears that regulations are fairly restrictive and preventive of broad innovativeness on the part of a State to create a program unique to the needs of its population.

Transitional child care: Effective April 1, 1990, Mississippi was among many States in the Nation to begin operation of transitional child care services. The service delivery strategy is that which involves the use of a child care management agency at the local level to assist parents with the location of appropriate child care options. While child care is an uncapped entitlement, the development of additional child care options was omitted as an allowable cost.

The lack of available child care facilities providing quality services continues to be a problem in Mississippi. Thus, the latitude to utilize resources for the development of much needed additional child care options would serve as a welcome relief.

We realize from data and pure logic that the ability of eligible recipients to take advantage of the employment training provisions of the act is closely tied to the availability of resources. We also believe that an exemption from participation due to lack of available child care resources would be an injustice.

In reference to other supportive services, our needs have not miraculously changed. We continue to grapple with the issue of how to make services available through the creation of a workable transportation strategy for Family Support Act program participants.

There has, however, been increased coordination among agencies to identify all available transportation resources and work is being carried out to develop strategy for local level service delivery through integration of resources. Transportation at a match rate comparable to child care and the component services would enable us to increase participation opportunities to eligible citizens.

Governor Mabus appointed a welfare interagency council which up to this point has completed phase 1 which consists of recommendations that are going to impact on all phases of implementing welfare reform. Phase 2 will begin shortly and it will involve taking these recommendations out to the grass-roots people and getting input from them with two main purposes: No. 1 to inform; and No. 2 to get input.

As we discussed with the grassroot agencies, their concern is that they get input on the front end and we are going to make sure that in order to make this program successful that everybody has the greatest amount of input so that we will be successful on when we implement our program in October.

This concludes my testimony. I want to thank you again for the opportunity to share on behalf of Governor Mabus what is believed

to be the most pressing concerns of Mississippi relative to implementation of the Family Support Act.

Acting Chairman DOWNEY. If I can get some short responses to a question that I would like to put to all of you. First, the job situation in your State, what challenge does that pose to you in the JOBS Program?

Second, what about the client caseload? What sort of particular challenges do they present to you to make the JOBS Program successful? I realize literacy and other questions are important. Could you respond?

Mr. YAMAUCHI. Well, I think Governor Clinton mentioned a couple of problems that we have already seen getting people into the centers and areas where we need to work with them. That is one problem.

Of course, the areas where we have the most unemployment and the most people that would benefit from this are the areas that we have the least resources. So, that in itself is a problem in Arkansas.

Mr. PREJEAN. Our concern in addition to what we have said, we have tried to build into the process by having Office of Economic Development involved in our planning and also at the local level. It does present a problem. It also presents a problem in talking to welfare recipients when they say, "Can you promise me a job if I get involved in this process?" And our basic answer has been that, in those areas of tremendous unemployment that, basically, these get looked at as the job-readiness type of process at this point in time and as the economy rebounds and the economy expands we can pick up.

On the client caseload process, we, as all the Southern States, have a high case-to-worker ratio. We probably rank, I think Louisiana in particular in AFDC ranks third in the Nation in administrative costs as far as from the bottom and what it costs for us to process an AFDC case. However, there has been significant involvement in this JOBS Program concept. We are currently in the budget process. The staff that we are talking about is totally new staff that is going to be dedicated entirely to the JOBS Program. My budget includes almost \$90 million for the implementation of JOBS in Louisiana. That includes it all, the JOBS, and the child care, the child support enhancements and so on and so forth.

Conversely, my AFDC payment budget is only \$195 million. So, as you can see, we are making a significant expansion of our resources in Louisiana.

Acting Chairman DOWNEY. I have a question for Mr. Prejean, and to the extent that Mr. Buie or Mr. Yamauchi you want to add to this, please do. You mentioned your benefit level. It is a level of \$168 per month for a family of three. You add about \$150 in food stamps to that. That would be it, right, for a family of three?

Mr. PREJEAN. Right. Medicaid coverage. We have a State charity hospital system also.

Acting Chairman DOWNEY. Right. But you do not spend Medicaid money for rent or for food.

Mr. PREJEAN. Right.

Mr. BUIE. Right.

Acting Chairman DOWNEY. People cannot live on that amount of money. Where do they get additional money? Do they get it from relatives? Do they work on the side? What do they do?

Mr. PREJEAN. In Louisiana, we have a fairly low cost of living. It is our position that the grants, the food stamps, the \$50 child support payments and the Medicaid coverage provides for the essentials, the bare essentials.

Acting Chairman DOWNEY. People can live in Louisiana on \$400 a month for a family of three?

Mr. PREJEAN. 94,000 of us.

Mr. BUIE. What happens, people continue to live in substandard housing, you know, to cut down on that part of it and use relatives or whatever for the little child care that they may have.

Mr. PREJEAN. The bare existence.

Mr. ANDREWS. I think you are seeing very clearly that in many parts of the country today, we have got many, many people that are living in substandard conditions.

Acting Chairman DOWNEY. Third World conditions.

Mr. BUIE. That is right. Exactly.

Mr. ANDREWS. Especially in the three States that are sitting here in front of you.

Acting Chairman DOWNEY. I am concerned about the Federal participation rate standards. And I am worried that the States will opt for more time-intensive activities to help them meet their requirements, but that this might not enhance job skills. Do you have a sense of this?

Mr. BUIE. We are not planning to do that, but back to the jobs, in Mississippi, if I were to take the best case scenario and say that we were able to put the JOBS Program in and carry out all the provisions of it, the reality is the jobs are not there.

Acting Chairman DOWNEY. Right.

Mr. BUIE. And the jobs that are there are minimum wage jobs in which the incentive to get off of AFDC and onto a minimum wage job with no benefits, you know, it is not that much incentive to do that. So, if you stay on the AFDC, at least you did have Medicaid.

So, we have to work on—I guess get more private sector involvement in what we are doing.

Acting Chairman DOWNEY. And you face the same thing?

Mr. PREJEAN. Basically, except we do have some industry inducement programs in Louisiana. A couple of parishes that we selected, we selected because down the road in 18 to 24 months there will be some industry opened in those particular parishes.

There is also in some pockets of Louisiana a vacuum of skilled laborers where we can provide some skilled labor training that we can pick up.

Acting Chairman DOWNEY. Maybe I did not make my question clear enough. When we passed this legislation, my conservative Republican friends wanted participation rates. They wanted you to run people through the program. And my concern was that some of the States can run people through the program, but the process of having to use resources to run people through the program means that you are going to have to meet certain levels, certain standards. And I am afraid that that process alone will consume money that might be better spent doing something else.

And my question to you: Are you concerned about that as well?

Mr. PREJEAN. Certainly, sir.

Mr. BUIE. Yes.

Mr. PREJEAN. We are certainly concerned not only on manpower but the process and needs to attract those activities.

Mr. ANDREWS. If I could, Tom. I guess that goes back to what Dr. Yamauchi said in his opening statement, one of the things you need is time to plan it. By trying to run a lot of the people through the program to meet the statistical requirements, do you find yourselves trying to meet a quota and not really giving yourselves the ability to be visionary with and have any kind of long-range planning.

Mr. YAMAUCHI. I think that is one of the concerns that we have here that we need to remain goal-oriented and meet the right goals rather than process and not have activity for the sake of activity. Otherwise, your fears would be very true. We would be spending a lot of money with an activity that is not going to have much success.

Mr. BUIE. And what we are grappling with in Mississippi is maybe to use those individuals who volunteer to participate as a means to get started, which kind of insures the success, but we realize that is not the objective of the program, but that is a way to do it.

Mr. PREJEAN. And that is one of the reasons earlier when I said we have found 4,000 recipients that were ready to go into a job skill component, those are the least expensive readily movable type components where if we really get in a participation war or battle with the Federal agencies we can move some of those people into those components.

Mr. YAMAUCHI. And as I stated in my testimony, part of our program is to try to involve the communities so that they can help us with these resources so that we can use part of our staff to work with the communities to say what kinds of jobs do we need, what kinds of jobs, what can we do to train these people to fit the slots that you have in your communities.

Mr. PREJEAN. And just take job search, for instance, in a small community, throwing 100 people in the job search where there is only four or five jobs available, serves no worthwhile purpose, not for us and not for the clients, and not for the whole concept. We do it with food stamps right now. We have the same problems with job search for food stamps. In small places, we have got the same clients going to the same employer hundreds of times.

Acting Chairman DOWNEY. What about the mandatory wage withholding; are you going to be ready to implement that?

Mr. PREJEAN. We have done it.

Mr. BUIE. We start in January with that.

Mr. ANDREWS. Let us talk about that for a second. Tell me, each of you: Where is your State in child support? What does the provision mean to you? How important is this in part of the puzzle?

Mr. PREJEAN. Collection-wise, it has a significant impact. I think in Louisiana, it probably does not have as big an impact in other States because we have moved ahead with wage assignments, 30 days, when the client was 30 days' in arrears. And we did that. We had a good established system.

Mr. ANDREWS. That was working.

Mr. PREJEAN. That was working. We have got roughly 45 percent of our collection cases on wage assignment right now before the implementation of this. So, it is certainly going to be a big aid, but it is not from zero to 50 like some of these provisions are going to be for us.

I think we have a significantly good collection process on child support enforcement in Louisiana.

Mr. ANDREWS. Do you have any provisions to establish paternity?

Mr. PREJEAN. No, we do not. That is what I was beginning to say. That is our shortcoming on the child support program in Louisiana is on the paternity side.

Mr. ANDREWS. Does Mississippi?

Mr. BUIE. I do not think so. I am not as up to date as I should be on that.

Acting Chairman DOWNEY. Would you provide that for us for the record, the details?

Mr. BUIE. Yes.

Mr. ANDREWS. Does Arkansas?

Mr. YAMAUCHI. Yes.

Mr. ANDREWS. Does it help?

Mr. YAMAUCHI. I believe so, yes.

Mr. BUIE. I think Mississippi collected like \$17 million last year, but again our problem is the people we are talking about are unemployed, also.

Mr. ANDREWS. I understand that.

Mr. BUIE. OK.

Mr. ANDREWS. Tell me how long you have had mandatory wage withholding?

Mr. BUIE. I think we just started in January of this year.

Mr. ANDREWS. As a result of our welfare reform bill?

Mr. BUIE. Right.

Mr. PREJEAN. We implemented with the 1984 amendments.

Mr. ANDREWS. Well, let me say something about the tax base. We spend a tremendous part of it on our welfare. We have done a good job of collecting child support and making it work, but it is going to be a very important part of our welfare structure. And I assume all three of you would say—

Mr. PREJEAN. We have built child support into our whole process of welfare reform. We view child support as the first step in welfare reform.

Mr. ANDREWS. The sad thing is what Mr. Buie said in his testimony. There is not a job out there. That just deflates the whole system.

Mr. BUIE. Yes.

Acting Chairman DOWNEY. Rather than read you this thing and tax your memories about the establishment of paternity, I would like you to just go back and review this program for us and send us a written answer on how you intend to implement the standard. Changing percentage over time. This will help us. A number of us, as I said to the Governor, are working on this concept of mandatory payment to the mother of a certain dollar amount that we would guarantee from the National Government. Because a lot of these guys—your States are a little different because they may be

around—do not have anything to do. We think we are losing anywhere between \$25 to \$30 billion a year in nonpayment of child support. So, we figure this would be a much more effective way of dealing with the problem—then we will have a national debate about the fathers, frankly, as opposed to just having a national debate about women having to work and take care of kids. We will soon start looking at the fact that there are a lot of guys out there who are being particularly irresponsible. We want to focus attention on that at one level and then we want to focus attention on the fact that these parents have got an ongoing responsibility to their children that the Government of the United States along with the governments of Louisiana and Mississippi and Arkansas will have to face.

You will, Mr. Prejean, give my best regards to my very close friend and Governor of your State. I will say a little prayer for him.

Just to add what Mike has said, the child support provisions, as we all recognize, are absolutely key to this. And hearing from you about how your State is going to implement this act and what the results are is important. What kind of ideas do you have? How can we make it better?

The problems that States have that already have implemented the act and still are not collecting much, we need to know more about why and how we can go about fine-tuning this.

Mr. PREJEAN. And we basically feel we are ahead on the child support where we are way behind in the JOBS part of it. Paternity, the factors that affect paternity to make it hard on State administrators are two things. First of all, it is a labor intensive process. And the other thing is the court time involved. It is hard to get the necessary court time.

Acting Chairman DOWNEY. But see, I want to know about your experience. It is very important to us to know what your concerns are. We want to hear them. We want to make sure that anything we fashion makes sense. For example, as I think through this idea of providing \$2,000 per child in some of your States, I realize that it could be an advantage for some fathers to leave home. I am not sure that I want to do that either.

This has been a very useful panel. Thank you very much.

The subcommittee will next hear from another panel, the Arkansas Advocates for Children and Families, Amy Rossi, the executive director; Crawford-Sebastian Community Development Council, Inc., Weldon Ramey, director; North Central Vocational Center, Sue Gritts, director.

All of your statements will be included in their entirety in the record, so, if you could summarize your statement, we would appreciate it.

STATEMENT OF AMY L. ROSSI, EXECUTIVE DIRECTOR, ARKANSAS ADVOCATES FOR CHILDREN AND FAMILIES

Ms. Rossi. Thank you, Mr. Chairman, I am very pleased to be here today. It is nice to know that a number of the comments that I planned to make this morning are all shared by the people that

have gone before me. Certainly, transportation and child care are issues which I also have for comment.

I would like to offer you a couple of other suggestions about how to alleviate the problems we share. I urge you to think very seriously about robbing Peter to pay Paul in order to solve these problems. Do not go back into the money that you already allocated for resources for people who need child care and transportation to try to develop new resources. Look at additional funds for resource development rather than taking from the money that you have already distributed.

I would like to suggest that you look to increasing funds for title XX which already has some money available in it for child care expansion and development.

One current problem with the child care fund is that it is limited to development activities for expansion of services. It does not allow for capital expenditures. And I believe funds could be earmarked and special language added to title XX such that some of that money can also be used for facility and capital expansion.

I also would like to suggest that you look at another Federal law that was put in place in the late eighties to encourage stimulation of State resources and State funding for child care resource expansion. And, that is Public Law 98-473 which was a Federal act that was put into place in the late 1980's to encourage States to access funds or to develop new funds for the prevention of child abuse and neglect services.

Now, the reason I suggest that to you is because it was developed as an incentive for States to get them to develop their own resource funds to provide these prevention services. The Federal Government provided a match for those funds so that more resources could be developed.

I think this same type of effort could be established for child care. For instance, Arkansas has recently set up a special child care loan guarantee fund to support the development, and the expansion of child care facilities. Their funding guidelines include geographic distribution, community need, community income, with priority given to those communities with the lowest median family income, proof of viable administrative and financial management on the part of the guarantee applicant, intended licensure, and, perhaps the most significant with regard to the Family Support Act, the attainment of the goal that 25 percent of the potential market for the facility be comprised of families at or below the median income for the State.

The State has allocated \$100,000 for this fund, an amount we expect to be exhausted very quickly. If Congress adopted a plan similar to Public Law 98-473, Arkansas would receive matching funds on their \$100,000 investment and would be able to facilitate Child Care Program expansion. Other States which did not have loan funds would receive their proportionate share of Federal funds when they choose to establish a child care loan fund. The Federal Government should examine Public Law 98-473 as a model for assisting States which have established or need to establish funds for child care development.

I also have some concerns about transportation and how we might look at getting some added resources for the development of

transportation needs in rural States. And I would like to suggest that you look back at the mass transit funds in which every State has to contribute. Obviously, I recognize that other committees oversee these funds and that the political debate for redistribution would be fierce. But when we examined what Arkansas' contributing share of mass transit account funds were, we found that we contributed \$14.5 million in our fiscal year 1988; but only 4 percent or \$593,000 was returned to the State for its transit services. If transportation is to be accessed for the FSA participants, then Arkansas and other rural States must receive funds to facilitate the development of transportation services.

I suggest that rural States should receive a greater return of their mass transit account payments and that those funds be designated for section 16(b)(2) and 18 of the Urban Mass Transportation Administration programs. This increase of Federal funding will allow rural States to expand transit services and allow low-income individuals the opportunity to participate in programs which will increase their independence and self-sufficiency.

One of my last recommendations about the support services has to do with the individual participants. Obviously, the Family Support Act gives great attention to improving the individual's job-related skills and their education. In addition, it recognizes the individual needs of each participant by establishing the needs assessment process. Research does suggest that many of these participants suffer the effects of low self-esteem such as depression and anxiety. This low self-esteem may serve to defeat any positive intervention meant to assist the participant. I suggest that the Federal Government strongly stipulate that each State's implementation plan for basic education and job training include components which would build the individual's self-esteem.

Finally, one of the potential impacts of this legislation will be better coordination among agencies who typically do not speak to one another.

One of the problems that we see in participants being able to access services, and many of the JOBS Program participants will need multiple services, such as food stamps, Medicaid and WIC, is that many of them do not receive these services. And, one of the barriers that is prohibiting their receipt of needed services is the application and eligibility process. The programs are administered by different agencies with different criteria for determining eligibility.

Since one of the goals of this act is to support cooperation and participation among agencies, I recommend that all barriers to participant's receipt of federally supported programs be alleviated. Americans seem most familiar with the wonders of credit cards and bank cards. It seems to me that participants in the JOBS Program could be issued one magnetic card which would serve to be their entry to all services. This would eliminate making clients go to another office in another part of town to fill out another form which requires yet another set of verifying information so that they can receive a needed service.

This can be accomplished only by cooperation between different departments of the Federal Government. The Family Support Act

should promote this type of coordination and cooperation between Federal agencies.

I believe that this design should and could be modeled by the Federal Government and that a "one-stop shopping" theory of application and eligibility criteria for services needed by the individuals participating in JOBS Program could improve the life circumstances of the participant and her children.

Finally, I want to compliment you on the strong evaluation component of this program. But I want you to be particularly interested in what is happening to the children of the participants in the project. As a child advocate, I am very concerned with and have a need to know how the children are impacted by these programs, particularly in a State like Arkansas which elected to have participants with children as young as 1 year old in the program.

There is a substudy, I understand, that is being facilitated and assisted by the HHS to examine what the effects are on children. I urge Congress to pay particular attention to this because I think this program is a two-generational approach to the poverty problems we have in this country. And we have to be fairly sincere about what it is doing to our children. Thank you.

[The statement of Ms. Rossi follows:]

PREPARED STATEMENT OF AMY L. ROSSI, EXECUTIVE DIRECTOR
ARKANSAS ADVOCATES FOR CHILDREN AND FAMILIES

INCREASING THE FSA'S POTENTIAL FOR SUCCESS

Mr. Chairman, members of the Committee, I am very pleased to have this opportunity to address some possible problems or barriers to the successful achievement of the noble goals of the Family Support Act. For 16 years, I have worked to assist low income parents achieve stability and security for their children. Like many others, I believe that the Family Support Act offers some new and creative opportunities for tackling the persistent and detrimental effects of poverty. My comments this morning are limited to four particular concerns. All of which, I believe to be have a viable and possible solution.

Three of my concerns have to do with the support services component of the Act: child care, transportation, and miscellaneous social services which may be necessary for an individual's participation in the JOBS program.

The Family Support Act has some excellent provisions for child care delivery, but one of the most serious deficiencies is the exclusion of resources for the development of actual child care facilities. The current provisions presuppose the availability of child care resources. Many states and particularly, rural states, do not have sufficient providers to accommodate the needs. Arkansas has an estimated 60,000 licensed child care slots for 240,000 children who need care.

I propose that the federal government add specific funds for the development of additional child care resources. This funding might be distributed through Title XX which administers some funds for development but has a limitation on providing funds for capital expenditures. Funds would need to be earmarked with special language to provide for the expansion of current child care options.

Another consideration is the appropriation of federal funds to match state dollars to create a financial incentive to facilitate child care expansion. A precedent for this would be the Children's Trust Fund (PL 98-473) which guaranteed federal funds as an incentive for states to establish trust funds to support child abuse prevention programs. A similar process could be established for child care. For instance, Arkansas recently established a loan guarantee fund to support the development and expansion of child care facilities. Their funding guidelines include: geographic distribution; community need, community income, with priority given to those communities with the lowest median family income; proof of viable administrative and financial management on the part of the guarantee applicant; intended licensure; and perhaps most significant with regard to the Family Support Act, the attainment of the goal that 25% of the potential market for the facility be comprised of families at or below the median income for the state. The state has allocated \$100,000 for this fund, an amount we expect to be exhausted quickly. If Congress adopted a plan similar to PL 98-473, Arkansas would receive matching funds on their \$100,000 investment and would be able to facilitate child care program expansion. States which did not have loan funds would receive their proportionate share of federal funds when they chose to establish a child care loan fund. The federal government should examine PL 98-473 as a model for assisting states which have established or need to establish funds for child care development.

Transportation is another very necessary support for individuals in the JOBS program. The reimbursement for transportation expenses will be very helpful to these participants; however, many Arkansas participants must rely on friends, relatives, or neighbors to provide transportation to and from the training sites. Unfortunately, these transportation arrangements are frequently disrupted and the participant may be forced into a state "suspense" category where their participation is delayed or terminated because no consistent and reliable transportation can be found. Public transportation exists in only 25 of Arkansas' 75 counties, and even where it exists the services are usually very limited. Arkansas ranks 50th in its comparison of state payments and federal apportionment of funds received from the Mass Transit Account. In fiscal year 1988, Arkansas' contributing share of Mass Transit Account funds was \$14,541,214. Only 4% or \$593,300 was returned to the state for its transit services. If transportation is to be accessed for the FSA participant, then Arkansas and other rural states must receive funds to facilitate the development of transportation services.

I suggest that rural states receive a greater return of their Mass Transit Account payments and that those funds be designated for Sections 16(b)(2) and 18 of the Urban Mass Transportation Administration Programs. This increase of federal funding will allow rural states to expand transit services; thereby allowing low income individuals the opportunity to participate in programs which will increase their independence and self-sufficiency.

The last recommendation with regard to support services has to do with the individual participant. The Family Support Act gives great attention to improving the individual's job related skills and education. In addition, the Act recognizes the individualized needs of each participant by establishing a needs assessment process and stressing the need to provide additional resources for support. Research suggests that many of the participants suffer the effects of low self esteem such as depression and anxiety. This low self esteem may serve to defeat any positive intervention meant to assist the participant. I suggest that the Federal government strongly stipulate that each state's implementation plan for basic education and job training include components which would build the individual's self-esteem.

Many of the participants in the JOBS program should be receiving multiple services such as Food Stamps, Medicaid, and WIC but may not be. A frequent barrier that prohibits participation by individuals in federal programs which might improve their social circumstances and stabilize their families is the arduous application process for receiving services. Since one of the goals of the Family Support Act is to increase family stability thereby increasing parental participation in JOBS, I recommend that all barriers to participant's receipt of federally supported programs be alleviated. Americans seem most familiar with the wonders of credit cards and bank cards. It seems to me, that participants in the JOBS programs could be issued one magnetic card which would serve to be their entry to all services. This would eliminate making clients go to another office in another part of town to fill out another form which requires another set of verifying information so that they can receive a needed service.

This can only be accomplished by cooperation between different departments of the federal government. A main emphasis of the Family Support Act's state implementation plan is to force cooperation among a variety of state and federal agencies to design programs to assist low income people. I believe that this design should and could be modeled by the federal government. A "one-stop shopping" theory of application and eligibility criteria for services needed by the individuals participating in the JOBS program could improve the life circumstances of the participant and her children.

Finally, I want to complement you on this legislation's strong evaluation component. As a long time child advocate, I must reiterate a need to know how the Family Support Act is impacting the lives of the children whose parents participate in these programs. I find this critical in states like Arkansas which elected to include participation of parents with children as young as one year old. I urge you to pay close attention to the study sponsored by U.S. Department of Health and Human Services titled "The Impact of JOBS on the Children of Participants: A Substudy of the JOBS Evaluation".

I appreciate the opportunity to express my thoughts on the Family Support Act and possible ways to strengthen its potential for success. I am very pleased with Arkansas' sincere efforts to implement a quality program for our many needy citizens. You may rest assured that Arkansas Advocates for Children and Families will continue to examine that implementation process and seek cooperative roles with state government so the individuals and their children may be served in the best way possible.

The testimony reflect a need for additional child care and transportation resources to enable greater participation of eligible persons in the JOBS program. Recommendations are made to have the ACT stipulate the incorporation of methods to build individuals self-esteem in the program design of basic education and training components. It reinforces the need for evaluating the effects of the Family Support Act on Children of program participants.

Acting Chairman DOWNEY. Thank you, Ms. Rossi.
Mr. Ramey.

**STATEMENT OF WELDON RAMEY, DIRECTOR, CRAWFORD-
SEBASTIAN COMMUNITY DEVELOPMENT COUNCIL, INC.**

Mr. RAMEY. I will be brief and summarize because some of the points I would like to make—there are three mainly—have been touched on before, particularly by you, Mr. Downey, and Mr. Andrews in your questioning of the previous panel.

I would like to say that in Arkansas in Project SUCCESS, we have delineated that we want 50 percent of the AFDC participants participating in projects, themselves, at the end of the first year. It is my understanding that Federal regs require only 7 percent by the end of the first 2 years, 1990 and 1991 and 11 percent by the end of the next 2 years. We feel like in community action agencies in the State of Arkansas that the State could cut that down drastically, perhaps to 10 or 15 percent, handle fewer people and sort of handcraft them, tailor them for jobs, give them education, give them training, cut down on the cost of the program very drastically, make it a quality program and get away from what you referred to earlier, I believe, as a vast numbers program. A quantity program. We certainly advocate that in the State of Arkansas and, of course, across the Nation.

The second point I would like to summarize in my testimony is the fact that we would like to see in the state and in the nation a hard-nosed evaluation program, one that goes to the real heart of whether or not a program is successful or not.

For example, we would like to see if a person is put on a job, how much money that person earns. Are they earning \$3.80 an hour, \$4 an hour or whatever. These records, we feel should be kept.

We would like to see a program of followup. How many people are on that job 3 months later, 6 months later, 1 year later. And, third, how many of these people return to the AFDC roles.

We believe there is a direct correlation between education and training and handcrafting/hand-tailoring these people and the success of the program. And we would like to see that data kept. We would like to see it reported to the States. We would like to see it made public to the people of the State and to those of our National Government. We think that is very critical in terms of being open, in terms of putting the cards on top of the table, in terms of making the program work.

My last observation I would like to comment on is rather parochial. We would like to see a partnership in the State of Arkansas and in the Nation between the State governments implementing Project SUCCESS or counterparts in other States, between them and community action agencies.

We did attempt to forge this at the national level. It was unsuccessful. We are taking every opportunity in the State of Arkansas to forge a partnership with the department of human services in the implementation of this program successfully in the State.

The reason for this is that many of our clients are recipients of the AFDC. We understand these clients. We work with these clients daily. We solve their problems. And their problems are usual-

ly problems of food, shelter, transportation, babysitting, self-image and things that have to be solved or resolved if this program is to be implemented successfully in Arkansas or any other State.

We believe that we do this daily, that we do this effectively and we would like to see a partnership between the States and the community action agencies to that end.

I would like to thank you for allowing me to testify here this morning and I would like to say one final word. The observations that I've made here this morning, Governor Clinton mentioned to you that he has insured that over the State of Arkansas, at the State level, the region level and in the 75 counties that organizations like mine, individuals, private enterprise people, all have come together to make comments on how to improve Project SUCCESS in the State of Arkansas. We have had ample opportunity within the State to do this, and I would like to thank you this morning for giving us an opportunity to do it at the national level. Thank you.

[The statement of Mr. Ramey follows:]

TESTIMONY OF WELDON RAMEY FOR ARKANSAS' COMMUNITY ACTION AGENCIES

I am Weldon Ramey, a Community Action Agency Executive Director from Western Arkansas.

I represent 19 Community Action Agencies (CAAs) which cover all of our state's 75 counties.

Thank you for allowing me to testify this morning.

There are a few, brief remarks I want to make about welfare reform in Arkansas. However, first, I want to thank Governor Clinton and the Department of Human Services because for months now, they have given CAAs and other organizations and individuals ample opportunity to make comments for improving welfare reform in the state. We have made our views known both at the state and county level.

Our view is that welfare reform, or Project Success, in Arkansas is well organized and well administered by dedicated, caring people.

I will express, however, three brief ways where we feel Project Success can be improved upon:

1. First, federal regulations require that only a minimum of 7% of the welfare population participate in welfare reform during FY90 and 91 and that only a minimum of 11% participate in FY92 and 93. Project Success sets as a goal 50% participation by the end of the first year.

We believe the state can reduce its client load during the first years of Project Success and, thereby, have more resources to devote to welfare recipients to get them trained, educated, and placed on meaningful jobs. The state might look at a 20-25% client participation rate in the first years.

2. Second, we would like to see the state spell out in the Project Success manual three specifics regarding evaluation:
 - a. When clients get jobs, record their starting wages and report this. We believe low starting wages mean that there is little likelihood that clients will stay on their jobs.
 - b. Next, we would like to see a follow-up to job placement. How many people are still on their jobs 3 months after placement, 6 months, a year or better.
 - c. Finally, record and report on how many clients return to the AFDC rolls after they leave to take jobs or are sanctioned off the rolls.

We urge the state and the federal government to emphasize training and education for AFDC recipients as the true way to get recipients off the rolls and keep them off.

We believe there will be a direct correlation between education and training, starting salaries, and remaining off the AFDC rolls.

3. My last observation regarding Project Success is parochial. We would like to see a partnership in Arkansas and in the nation between the state and community action agencies regarding welfare reform.

AFDC recipients are the clients of CAAs. We can help the state with case management of these clients. CAAs are in a unique position to solve recipients' problems to keep them in Project Success, especially while they are in long term training or education.

To keep recipients in meaningful programs, everyday problems must be solved pertaining to food, shelter, utilities, transportation, baby sitting, physical abuse, psychological doubts, etc. Solving these problems for welfare recipients is what community action agencies do best.

Congressman Downey, I want to thank you for allowing me to testify this morning. And, once again, I want to thank Governor Clinton and his staff for creating forums over the state where I and others like me have been able to express, within the state, the views presented here today.

Acting Chairman DOWNEY. Thank you, Mr. Ramey.
Ms. Gritts.

**STATEMENT OF SUE L. GRITTS, DIRECTOR, NORTH CENTRAL
VOCATIONAL CENTER, LESLIE, AR**

Ms. GRITTS. My vocational center is helping to implement an agreement between department of human services and the vocational and technical education division. So, I wanted to give you some background on my vocational center.

It is located in rural Searcy County in Leslie, AR. Its primary mission is to provide occupational training to secondary students in four counties: Van Buren, Stone, Baxter, and Searcy. In addition to serving the high school students, we also offer an adult education center. In this center, we teach both adult basic education and general adult education. The program at Leslie has one teacher and one paraprofessional. This first year of operation, the center has a 100 percent GED passing rate and one of the top 10 scores in the State on the GED tests.

We offer work-place literacy classes at Marshall, St. Joe, Scotland, and Clinton.

The passage of the Family Support Act of 1988 and the Federal mandate to provide education and training under the JOBS Program, it was necessary to begin a day and an evening class in Clinton in Van Buren County. According to the cooperative agreement between the department of human services and the vocational and technical education division, the process for organization classes due to the influx of welfare participants includes the county EMS supervisor providing the local education agency with referral forms which indicates the level of training needed, whether it be ABE, GAE, literacy or vocational.

If the LEA has space available in existing programs, the participant is slotted in at no additional costs. If education and training space is not available, the LEA submits to the vo-tech division a budget request for additional classes. Vo-tech then works with DHS regarding verification of eligible participants and to secure funding.

The program at Clinton is the first class in the State to operate under the agreement between DHS and vo-tech and is in its infancy. It has been a rewarding experience with lots of challenges. One of the challenges has been to create education and training that is suitable to the needs of each participant.

Let me share with you one of the examples.

A few weeks ago, I was visiting the adult ed center and the instructor introduced me to a woman named Jeannie. The instructor told me that Jeannie had just passed her practice test which is a prerequisite to taking the GED exam. I congratulated Jeannie and told her how proud I was of her accomplishment, but I noticed that Jeannie seemed hesitant. Again, I was thinking it was the fear of the GED test and I assured her that she would pass with flying colors. She looked at me and she said, "No, it's not that at all. Instead, what will I do then after the GED test?"

Jeannie did not possess the self-esteem necessary for the work force. Employers are increasingly demanding workers who are able

to think on their feet and learn on the job and who possess the basic skills needed to do so. Employees need to be prepared for the expectations of the working world in terms of skills, attitudes experience and understanding and to have the self-esteem necessary to perform adequately. This was what Jeannie was missing.

We had given her the three Rs, but she needed the fourth R—work force readiness. This type of work force readiness is now being infused into the center at Clinton. My center is working to provide participants with computer-assisted instruction on issues as values, self-concept, career planning skills and employability skills, along with academic preparation.

We hope to continue to work with Jeannie and all of the others like her with this added segment: work force readiness. Thank you.

Acting Chairman DOWNEY. Ms. Rossi, let me just address one of the concerns that you raised and that is the use of some of this money to set up facilities, capital for that purpose. In the child care bill, title IV of the bill might allow money to be used but no title XX money, as you know, is currently used for that purpose. Money is provided for services. What you are telling me is that for Arkansas, in order for child care to be delivered there is some need for facilities to be constructed.

Ms. GRITTS. I am curious about your last point about workforce readiness, you mentioned this issue of self-esteem. It is somewhat of an ethereal thing. It is not clearly defined. I am sure it goes to that you would say to somebody, "Look, you are important. You are wonderful," after 20 or 30 years of people telling them they are not.

Ms. GRITTS. Right.

Acting Chairman DOWNEY. Do you feel confident that is something you can impart to someone in a short period of time?

Ms. GRITTS. I am not sure the period of time would be very short, but I think it would be money well spent into trying to help in that area, yes.

Acting Chairman DOWNEY. On average, when you see somebody with an eighth or ninth grade literacy level, how long would it take you to prepare them to pass a GED?

Ms. GRITTS. Of average intelligence or above, probably a couple or 3 months.

Acting Chairman DOWNEY. Three months.

Ms. GRITTS. But with just the GED, I do not feel that they are making it on the job.

Acting Chairman DOWNEY. No, not in the work force of the future.

Ms. GRITTS. Right.

Acting Chairman DOWNEY. With the level of education required and the skills.

Ms. GRITTS. Right.

Acting Chairman DOWNEY. Mr. Andrews.

Mr. ANDREWS. I am just curious, Mr. Ramey, give me your thoughts on distinguishing between urban and rural areas. Governor Clinton testified earlier this morning, there are differences within the rural areas. We left a lot of that discretion up to the States.

Should we take another look at that? Should we try to make that distinction?

Mr. RAMEY. I think we definitely should. The fact that an AFDC recipient may be in a rural area is no reason for that recipient to be neglected. The whole idea of this is to elevate people in self-confidence, self-esteem, abilities and so forth and get them jobs. Get them off the rolls and keep them off the rolls, why should they be penalized simply because they live in a rural area.

Mr. ANDREWS. That is true.

Mr. RAMEY. They should have equal opportunity.

Mr. ANDREWS. Ms. Rossi, do you want to comment?

Ms. ROSSI. I think very definitely we have to examine that because the rural States and States that are more urbanized are totally different in their resource development and in their needs for their populations.

I wish you would look at rural States who are extremely poor, but I think almost all the rural States are suffering from that problem of having more of their population in poverty than your urbanized areas.

Mr. ANDREWS. Thank you.

Acting Chairman DOWNEY. Thank you all very much.

The subcommittee will next hear from the Arkansas Department of Human Services, Abbie Burr, the field manager, economic and medical services, who will introduce two participants in Project SUCCESS, Brenda Graves, a participant who has graduated from the program, and Olga Jo Liatsos, a current program participant; and the Arkansas Career Resources, Inc., Brownie Ledbetter, executive director.

Mr. Burr, would you like to start off?

STATEMENT OF ABBIE BURR, FIELD MANAGER, DIVISION OF ECONOMIC AND MEDICAL SERVICES, ARKANSAS DEPARTMENT OF HUMAN SERVICES

Ms. BURR. Yes, thank you, Congressman. In my position as a field manager for the Arkansas Department of Human Services, I am responsible for overseeing the operation of Arkansas JOBS program or Project SUCCESS at the local service delivery level in a 14-county area of Arkansas, located primarily in the Lower Mississippi Delta region of the State. As a 25-year veteran of the department of human services, I am certainly excited and challenged by the opportunities afforded by this program for providing the kind of client services that I think certainly could make a significant difference for many people.

It is my privilege today to introduce to you two young women whose lives have already been directly affected by this program. We have asked them to share with you some of their experiences and their thoughts about the program and what it has meant to them.

First, I would like to introduce a former program participant who is now employed and independent of public assistance. She is Brenda Graves, age 25, single and the mother of one daughter, age 6. Ms. Graves was hired through our program as a teacher's aide in the Head Start Program last fall. She recently completed an initial

6-months probationary period successfully and was hired full time in a permanent staff position. Her employer has graciously granted her leave with pay to make this appearance before you today.

I think you can see from her testimony exactly how she feels about the changes made in her life.

Ms. Graves.

STATEMENT OF BRENDA GRAVES, PROJECT SUCCESS GRADUATE

Ms. GRAVES. My name is Brenda Graves. I am a 25-year-old black female. I have one child, 6 years old. I live in Marvell, AR, which is in extreme eastern Arkansas in the Lower Mississippi Delta region. I grew up in a family of five children, three girls and two boys. My parents were self-employed farmers that owned a small farm. We had to work hard picking and chopping cotton, chopping beans and corn. I went to school in Marvell and graduated May 9, 1983 at the age of 18. At that time, I was 7 months pregnant.

I applied for Medicaid July 1983 because I needed medical care for myself and child and I had no job and no money. I stayed at home with my parents until the baby was born. I started getting AFDC in December 1983. After I got my first AFDC check, my baby and I moved out on our own. We barely made it. I only had enough money to pay the bills. I received food stamps which enabled us to eat. But there was nothing left over for personal things and emergencies. However, I accepted this way of life because the AFDC check made me feel secure because I knew it would come each month.

I got in a rut. My AFDC worker referred me to Project SUCCESS; a program offered by the department of human services. When I got my appointment to be interviewed for Project SUCCESS, I did not want to come, because I felt they could not do anything for me and nobody cared about me and my child.

I went for my interview because I did not want to lose my AFDC check. During the interview, my case worker explained what Project SUCCESS was and placed me in the Job Club component.

The first day I attended Job Club, I had a lot of negative feelings. The second day I began to realize that my case manager wanted to help me and really cared about me and my child. As Job Club progressed, I began to get some confidence and believed I really could find myself a job and become self-sufficient. While in Job Club, I learned how to prepare for job search, complete job applications, resumes, thank you letters, cover letters and letters of recommendations. I also learned how to dress for an interview and how to conduct myself during an interview and much more.

After completing Job Club, I had more self-esteem and confidence. The things I learned in this program gave me the confidence to go out and look for work. I also began to believe I could become self-supporting. One of the things in Project SUCCESS that influenced me was a poem entitled, "Keep on Trying"; and that is what I did until I found a job and started working with Mid-Delta Head Start in Marvell, AR on August 21, 1989. I am still employed and love my job. I knew if I put my mind to it, I could find a job. The confidence I gained helped me get a job.

During the interview for this job, there was one thing that our instructors stressed mostly during the interview: "Don't go up and cross your legs." That is one of the first things I did in my interview, but as I crossed them it hit my mind just what they had stressed to us and I just politely let them down to my ankles.

After I started working, my AFDC case was closed, but I received Medicaid for 3 months. I really did not mind because I had a pay check coming in every 2 weeks. I only got one check a month while on AFDC. I am making so much more working. It gave me a good feeling that I could now take care of myself and my child. I feel I am a better role model for my child now that I am employed. My daughter and I can now go shopping on Saturday. When I was on AFDC, I had no money for personal things because everything had to go for bills. I can now go to church on Sunday and pay my tithes. Life is great now that I am working. I am now doing something worthwhile and have a purpose in life.

I received the services offered by the department of human services when I needed them most. Their services enabled myself and my child to pay for the necessities, receive medical care, food stamps and child care reimbursements. All departments cooperated so I could get the services I needed. In all my dealings with the department of human services, I cannot recall any problems. What I like about the department is that workers help build self-esteem and make you believe in yourself. Most of us on public assistance could use increased benefits, especially AFDC. It would also help if we had transportation to and from the office. Thank you.

Acting Chairman DOWNEY. Thank you, Ms. Graves.

Ms. BURR. Our second participant is Olga Jo Liatsos, a current program participant. Ms. Liatsos is 29 years of age, divorced and the mother of two boys, age 4 and 5. She is a high school graduate with some work experience, but has realized the need to further her education if she is ever to be in a position to fully support her family. She is now enrolled in one of our State-supported vocational technical schools in a computerized accounting course and is scheduled to complete it in December of this year. She is excited about completing her course of study and then putting it to use in a new job.

Olga.

STATEMENT OF OLGA JO LIATSOS, PROJECT SUCCESS PARTICIPANT

Ms. LIATSOS. At the age of 29, I found myself on welfare and feeling as if something was missing in my life. After weighing all of my options, the best and only conclusion I came to was to continue my education. My next decision was which institute of higher learning was best for me. After visiting several campuses, I settled on Pines VoTech in Pine Bluff, AR. A financial aide officer at Pines VoTech gave me a Pell grant application and an appointment with a representative from JTPA. Both of these agencies are now financially supporting me in my endeavor of returning back to school.

It was at this time I also felt my biggest obstacle would be child care and transportation. Driving 46 miles round trip to school

every day would take over 50 percent of my AFDC check for gas alone every month. Then there is always child care at \$55 a week, which can really add up at the end of a month. After presenting my story to my case worker, she told me of Project SUCCESS. An appointment was made with the Project SUCCESS coordinator. After all paperwork was completed, it was determined that I was eligible for this program.

Project SUCCESS has given me a lot of support, including counseling, encouragement, payment of child care and payments for transportation and for lunches while at school. The JTPA is paying for my books and other supplies while going to school.

Since being in Project SUCCESS and returning to school, my self-confidence has returned along with a sense of self-worth and pride. Being on the welfare system has really bothered me, but now, being on the system with a goal in mind and my sight set high has given me a whole new outlook on life.

I feel public assistance should be carried out just as it was intended: a temporary measure to help people get back on their feet, whether it is returning to school or finding a job in the workplace. Being on the system is somewhat like being on a train bound for nowhere. Do you dare get on, and what happens if you do not? Trying to find a job is almost as hard as being on the system. After finding a job which will usually pay only minimum wage with no health insurance for 2 to 3 months, if ever, child care and transportation are still major problems. Who can afford child care at \$55 a week out of a paycheck of only \$134?

All some people need is an incentive to get and try to do better and get off the system. One such incentive may be child care on a sliding fee scale for a certain period of time, or maybe a Medicaid card until the work health plan takes effect. If they have no health care plan at work, why not keep their Medicaid card for an indefinite period of time? How about continuing food stamps even at a reduced allotment per month? One of the most important points that needs to be repeated is to keep Project SUCCESS a vital part of our system. Making the public aware of this program and how its benefits will help literally hundreds of parents to become productive, self-sufficient, hard working, tax-paying citizens. This program will also affect the hundreds and thousands of children who have no choice but to be on public assistance. Project SUCCESS will let them see their parents or parent as a role model instead of another national statistic.

Acting Chairman DOWNEY. Thank you very much.

Ms. Ledbetter.

STATEMENT OF BROWNIE W. LEDBETTER, EXECUTIVE DIRECTOR, ARKANSAS CAREER RESOURCES, INC.

Ms. LEDBETTER. I direct a private nonprofit corporation. We have some JTPA and some DHS subcontracts, and we supplement that with whatever else we can find. We have good partners in our local sites, from churches to Head Start Programs. And we work with welfare recipients in peer groups. We are grateful for this opportunity to testify before you and glad you are here.

My concern about the Family Support Act, aside from wishing it had equal funding with the S&L bailout, is that it is basically urban, which you have heard here before. We are feeling the brunt of that here. It is like fitting square pegs into round holes, and, of course, finding transportation and child care slots so that we can reimburse those services are the biggest problems.

There are other problems I think in any State that has as much rural poverty as we have and there are a number of States that do. Lack of community resources, lack of jobs, or jobs that pay a high enough wage to get off of welfare, or what would really be nice, jobs that provide health insurance, jobs that can get you off and keep you off of welfare.

We already do a pretty good job of training in rural areas for jobs that are not there with JTPA. So, we need that kind of job creation.

And I heard somebody earlier talk about wishing that we did not focus the evaluation so much on activities as on outcomes, and I had a little fear there because I have seen the kind of performance standards in JTPA that are focused totally on outcomes really drive the program. I understand the theory behind that and I think it is important, but unless it is coupled with some long term follow-through evaluation, it really drives the training toward quick fix job training and that is something we have to avoid, I believe. So, I think the activities and the process are very important for the long-term kind of self-esteem and confidence building as well as education to accomplish realistic independence from welfare rather than a return to welfare in a few months.

I think the transitional Medicaid and child care are great improvements in the program, but I wonder about those folks who do have jobs that are minimum wage and part-time workers—we have a big problem with part-time folks here—how they are going to get health care so they can stay in the jobs after 6 or 12 months of Medicaid runs out.

In the 1930's in this country, we created hard infrastructure by building up our physical resources, roads, highways, post offices, parks, and provided jobs—real and necessary jobs. It seems to me that now we need to create soft infrastructure for our human resources: local transportation systems in rural areas, staffing services that are presently unavailable, and job creation. I wonder why we could not have monetary incentives for States to do that. It seems so crucial to me.

If we do not create jobs, we are training people for failure again. It seems to me there are two sides to the coin which I am sure you all know. Mandating jobs and education is one side, but somebody has got to mandate jobs. We need that very badly.

Why not have a regulation that we use the funding for training and then when the unemployment rate gets to a certain level in a given community, we should be required to stop training programs and use that money to create jobs.

I do not mean to nag, because I am glad you finally got it through the Congress. It is an improvement. It is a first step, but I believe it must be seen as a beginning.

One great good it does, I believe, is to highlight the unmet needs that you have heard about this morning: transportation, quality

child care, health care, education, job creation and that brings into focus those other problems, the really big ones: basic wage levels, service sector low wage jobs.

On the average in this country, not in this State, but in this country, 25 percent of payroll is fringe benefits, unemployment, health, life, and worker's comp insurance, sick leave, holidays. Arkansas workers should have that protection. And until the folks that this program is designed for have that same 25 percent of payroll protection as other Americans, they will just keep going back to welfare. And they should. If a child gets sick, you should not let the child die. You should go back to welfare, get Medicaid so your kid can get well. Women should not be called lazy or punished for that. It is the right thing to do.

Also, I like very much the mandated cooperation among State services. Governor Clinton has pushed us in the right direction, held a conference, got all the folks together, a variety of agencies. What it will take is some really strong management to make that work.

I would like to see that kind of cooperation and coordination overcome duplicate and often conflicting program requirements and turf wars modeled at the Federal level. I am told that bringing that up is a windmill tilter, but the various and complex regulations, different pockets of funding, and separate administrative directives from the Federal agencies govern the way State agencies are structured in the first place. And it is difficult for me to see how our agencies can overcome those obstacles without that process taking place at the Federal level.

We had an applicant last week who is on food stamps. She is not on AFDC. She is eligible for JTPA. She is a foster mother of three children under 6 in addition to two of her own, who are school-aged children. She wants to get the child development and small business training we provide to start a licensed family home day care center, but the regulations prohibit child care reimbursements to food stamp mothers who have children under 6.

The HHS regulations, I am told, see receiving foster care payments and child care reimbursements as double dipping. She is paid \$321 a month for boarding those foster children. She obviously cannot pay \$8 a day for each of those three children, which would be about \$516 a month to keep them in our child care center while she takes our training at the same site.

She will go through all the acceptable and time-consuming attempts for a waiver and she may not get it, but it seems to me that this could be prevented at the Federal level. I do not understand why we have to have the same Federal agency running two separate programs for AFDC and food stamps.

We have another trainee with daughters 4 and 6, who has struggled through problems that are typical of those faced by women on public assistance. She lived with her mother and a brother who is mentally disabled and after she got the child abuse agency involved, she followed their recommendation to go find separate living quarters for her and her daughters. The cheapest place she could find is \$175 a month plus utilities. Her AFDC payment is \$204 a month. She moved in, applied for section 8 housing. She was told that the regulations prohibit her eligibility because she is al-

ready in the apartment and not out on the street. She is 2 months' behind in her rent. When she is evicted and has a sizable debt, I guess she will be eligible.

Now, my questions are: How will she pay the debt? Should she leave our training? How long will it take to get the housing assistance? Where can she live during the wait? Should she go back to her mother's house and subject her daughters to the abuse, again, from her uncle?

I know these are not the first horror stories that you all have heard, but they are the kind of problems that service providers see every day. And, so, I am wondering is it really impossible to get Federal agencies to work together on some uniformity and some flexibility in their regulations and performance standards across program and agency lines?

I did promise my staff who live in the same communities with those they are training that I would close with what they wrote for me.

The "haves" have guarantees to continue to have and to get. The "middle" will continue to struggle to maintain what they have; the "low income" know that they have nothing to look forward to for hope or continual existence.

I thank you for your consideration and your willingness to pursue the implementation of this act and I hope you will continue monitoring.

[The statement of Ms. Ledbetter follows:]

TESTIMONY BEFORE THE COMMITTEE ON WAYS AND MEANS
U.S. House of Representatives
Little Rock Arkansas, April 30, 1990

Testimony of Ms. Brownie W. Ledbetter, Executive Director, Arkansas Career Resources, Inc., Member, Board of the National Congress of Neighborhood Women; ACR, Inc. is an affiliate of Wider Opportunities for Women, Inc.

I'm Brownie Ledbetter. I have directed a private nonprofit Arkansas corporation working on welfare issues and providing services for five years. We have DHS and JTPA subcontracts and supplement that funding with whatever else we can raise. We have good partners in our local sites, from churches to Headstart. We do our work in peer groups. We are glad you are here. I am grateful for this opportunity to testify before you.

My concern about the Family Support Act Program aside from wanting equal funding with the S & L Bailout, is that it is basically urban and we are feeling the brunt of that here... fitting a round peg into a square hole. Finding transportation and licensed child care so that trainees can be reimbursed is the biggest problem.

There are other problems with FSA in any state with a high rate of rural poverty; lack of community resources, lack of jobs, or jobs that pay a high enough wage to get off welfare, or what would be nice, jobs that provide health insurance. That is, jobs that help you get off and stay off welfare. We already do a pretty good job of training for jobs that aren't there in rural areas with JTPA programs.

Transitional Medicaid and Child Care are great improvements, but after 6 to 12 months where are those who do have jobs --minimum wage and part time workers-- going to get health care and child care so that they can stay in those jobs?

In the 1930's in this country we created hard infrastructure, roads, highways, post offices, parks, and provided jobs --real and necessary jobs at the same time. Now, why can't we create soft infrastructure ... local transportation systems in rural areas, staffing services that are presently unavailable...job creation. Why not monetary incentives to states to do that?

If we don't create jobs we are training people for failure again. There are two sides to the coin, mandating education and training is only one side. Somebody needs to mandate the jobs. Why not a regulation that you use funding for training and then when unemployment gets to a certain rate, you have to stop training and start creating jobs with that money.

I don't mean to nag. I am glad you all finally got it through the Congress. It is a first step. But it must be seen as beginning. The good it does besides giving us a little more money --which is getting soaked up like a blotter, there's so much need-- is highlighting the unmet needs of transportation, quality child care, health care, education, job creation. And that brings into focus those other problems ---the big ones, basic wage levels, service sector low wage jobs.

On the average in this country, twenty five percent of payroll is fringe benefits --unemployment, health, life, and worker's comp insurance, sick leave, holidays. Most Arkansas workers need that and until the folk that this program is designed for get that same 25% of payroll protection as other Americans they will just keep going back to welfare, and they should, if a child gets sick you shouldn't let the child die, you should go back to welfare to get Medicaid so your child can get well. Women shouldn't be called lazy, or punished for that, it's the right thing to do.

One of the best aspects of the FSA is the "mandated" cooperation among state services. Governor Clinton has pushed us in the right direction, held a conference, got all the agencies together, but it will take some strong management to make that work. I would like to see that kind of cooperation and coordination overcome duplicate and often conflicting program requirements modelled at the federal level. I'm told bringing that up is a windmill tilter, but the various and complex regulations, different pockets of funding, and separate administrative directives from the federal agencies that govern the way state agencies function, really structured the differences among state agencies in the first place. How can our agencies overcome these obstacles without that process taking place at the federal level?

We had an applicant last week who is on Food Stamps but not AFDC. She is eligible for JTPA. She is a Foster mother of three children under 6 in addition to her own 2 school age children. She wants to get the Child Development and small business training we provide to start a family home day care center. The regulations prohibit Child Care reimbursement to Food Stamp recipients for children under six. HHS regulations see receiving foster care payments and child care reimbursements as double dipping. She is paid \$321 @ month for boarding the foster children. She obviously cannot pay \$8 for each of those three children --\$24 a day, \$120 @ week, \$516 a month--to keep them in our child care center while she takes our training at the same site.

She will go through all the acceptable and time consuming attempts for a waiver. She may not get it, but couldn't this be prevented at the federal level? Why do we need to have the same federal agency running two separate programs for AFDC and Food Stamps?

We have a trainee with daughters 4 and 6 who has struggled through problems typically faced by women on public assistance. She lived with her mother and a mentally disabled brother. After she got the child abuse prevention agency involved, she followed their recommendation and got separate living quarters for herself and her daughters. The cheapest place she could find is \$175 a month plus utilities. Her AFDC payment is \$204 a month. She moved in and applied for Section 8 housing. She was informed that the regulations prohibit her eligibility because she is already in the apartment and not "out on the street." She is two months behind in her rent. When she is evicted, and has a sizable debt, I guess she will be eligible. How will she pay the debt? Should she leave our training? How long will it take to get the housing assistance? Where can she live during the wait? Should she go back to her mother's house and subject her daughters to possible child abuse from her uncle?

I'm sure these are not the first horror stories you have heard, but they are the kind of problems service providers see every day. Is it really impossible to get federal agencies to work together on some uniformity and flexibility in their regulations and performance standards across program and agency lines?

I promised my staff, who live in the same communities with those they are training, that I would close with what they wrote for me: "The haves have guarantees to continue to have and to get, the middle will continue to struggle to maintain what they have, the low income know that they have nothing to look forward to for hope, or continual existence."

Thank you for your consideration and your willingness to continue oversight of the Family Support Act.

I am also submitting a summary of the study that documents my testimony. It was completed by Holly Felix, University of Arkansas Little Rock graduate student, who has interned with our agency this year. She surveyed Project Success case managers who are implementing FSA. I hope it will be helpful in your work.

The Family Support Act in Arkansas

Holly Felix
Graduate Intern, MPA Program
University of Arkansas at Little Rock
interning with Arkansas Career Resources, Inc.

In January, 1990 a survey was designed and distributed to Project SUCCESS case managers. The purpose of the survey was to assess case managers' general reaction to the state plan. While case managers are not the only ones affected by, or are working with, the implementation of the JOBS program in Arkansas, they have the basic responsibility for implementing the state plan on a day-to-day basis. Continued study of the implementation of the JOBS program and whether it is improving the opportunities for welfare recipients across the state should be conducted. Other groups that are appropriate to include in further study are the clients, regular AFDC eligibility workers, Project SUCCESS Career Planning and Placement Advisors, Work Program Supervisors, and businesses and other agencies working with Project SUCCESS.

Survey Methodology

A twenty-eight question, five page questionnaire was developed for the survey of Project SUCCESS case managers. The questions addressed issues in four areas: general assessment, general community resources, components, and administration. The questionnaire was constructed mostly of multiple-choice questions; however, several open-ended and listing/ranking questions were included. Questionnaires were mailed to all 174 case managers in Arkansas. Eleven questionnaires were not completed. Therefore, the total number of valid cases in this survey is 163. The survey was mailed to case managers on January 24, 1990. Many of the questionnaires were returned before the deadline date of February 6, 1990; however, the majority were returned in the week following February 6th.

S U M M A R Y

The major findings of the survey are highlighted below:

General Assessment

Results of this survey indicate that a large majority of case managers are satisfied with the initial assessment method used in Arkansas. One of the reasons for this may be the inclusion of a standardized test of basic reading and math skills in the assessment process. According to a report on the JOBS plans of the fifteen early implementation states by the Coalition on Human Needs, Arkansas, Connecticut and California "are about the only states that offer a standardized test of basic reading and math skills as part of their initial assessment process (Bucey-Eberle, p. 4)."

More than three-fourths of the case managers (136) believe the initial assessment provides enough information about the participant to make component assignments.

Thirty-seven (37) case managers listed 88 areas in which the initial assessment does not provide enough information. The areas ranged from needing more background on families to needing information on employment interests and current educational and occupational skill levels. Thirty-eight (38) case managers indicated the specific components in which assignments are difficult to make because of the lack of information. The Independent Job Club and the Training Components were cited most often as the components in which assignments are difficult to

make.

More than half of the case managers (85) believe that inventories that measure aptitudes and interests, such as the General Aptitude Test Battery, the California Occupational Preference System and the Hall Occupational Orientation Inventory, would be helpful in making assignments to the components. Seventy-five (75) case managers believe they would not be helpful. Although a higher number of case managers believe that inventories of this kind would be helpful, one case manager commented that "these are tools of the trade in the field of education, not social service organizations" and that "the educational institutions we refer to do this type of survey..."

General Community Resources

More than half of the case managers (89) considered community resources in their county/area to be inadequate to support the operation of Project SUCCESS. Seventy-one (71) case managers considered the community resources adequate.

Case managers that considered community resources inadequate were given an opportunity to list three community resources that are inadequate in their county/area. However, not all of the case managers chose to list three inadequate community resources.

By those responding, transportation was listed as the most inadequate community resource; and, child care was listed as the second and third most inadequate community resource. Studies have shown that the lack of these two factors tend to foster welfare dependency (Federal Register, "Final Rules," p. 42126 and Arkansas Career Resources, Inc., "A Study of the Arkansas Welfare System." (1988)). Considering that Project SUCCESS does not provide additional transportation methods or create additional child care slots, but rather provides only reimbursements for those services, it is not surprising that the lack of transportation and child care remains a problem in this rural state.

The following table represents the top three community resources that were listed as being inadequate under each rank (the first number represents the number of case managers selecting that response and the second number represents the number providing an answer for that rank).

TABLE 1
INADEQUATE COMMUNITY RESOURCES

RANK	Transportation	34/87
One	Employment Opportunities/Jobs/Industry	13/87
	Education Opportunities/ABE/GED/Literacy Councils	6/87
RANK	Child Care	17/80
Two	Job Skills Training/Vo-Tech	10/80
	Education Opportunities/ABE/GED/Literacy Council	8/80
RANK	Child care	10/64
Three	Education Opportunities	8/64
	Transportation	7/64

"The Family Support Act in Arkansas," April, 1990.

Components

Case managers were asked to rank the success of each of the components on a scale of one to five (with five being the highest rank).

The Education Component and the Training Component were ranked high by the case managers. Sixty-eight (68) case managers gave the Education Component a rank of five. Sixty-eight (68) case managers gave the Training Component a

rank of five. These components may have received high rankings because institutions/facilities that provide these services have been in operation for some time. The only thing new about them in terms of Project SUCCESS is now they are listed as a component and their services to AFDC recipients are reimbursed under the Program.

The Independent Job Search, the Job Club and Comprehensive Supportive Services Components were most often ranked three by the case managers (67, 54 and 48 respectively). Although these components are operational around the state, they are relatively new and still may need some refinement. This may account for their moderate ranking.

Although many case managers did not provide any ranking for the Work Experience Component, the On-the-job (OJT) Training Component, and the Specialized Vocational Training Component (53, 61 and 51 respectively), those that ranked these components generally ranked them a one (33, 39, and 31 respectively). A Project SUCCESS spokesperson reported that the Work Experience and On-the-Job Training Components are operational in all counties; however, the spokesperson noted that finding work slots, especially in depressed areas of the state, is difficult. This may account for the low ranking in those components. The same spokesperson reported that there are approximately six Specialized Vocational Training Programs operational in the state. The lack of these programs may account for the low ranking it received in this survey.

Case managers were asked to list two strengths (or assets) and two weaknesses (or problems) of the Project SUCCESS components, excluding the Suspense and Employed Components. (The Suspense Component is for priority groups IV and V participants, or those who have completed component activities for current year or have reached participation limitation, or those who have been in Comprehensive Supportive Services for 90 days, but have not overcome their barriers. The Employed Component is for participants who have entered employment after being referred to Project SUCCESS.) Each of the responses given by the case managers were listed and then grouped into like categories. In some cases, not all the responses could be grouped into like categories. They were grouped into an "other" category.

Although each component provides different services for participants, case managers identified many of the same strengths and weaknesses for each of the components. For example, when looking at the top strengths for each of the components, case managers consistently included in their responses that the components "provide training/experience" and "increases self esteem/confidence." Likewise, when looking at the top weaknesses for each of the components, case managers consistently said the components were "difficult to monitor" and "lacked community resources" to support the component. The following table represents the top three strengths and the top three weaknesses for each of the components as identified by the case managers.

TABLE 2
COMPONENT STRENGTHS AND WEAKNESSES

COMPONENT	TOP THREE STRENGTHS	TOP THREE WEAKNESSES
Independent Job Search	Looking (required to look) for work Gains experience/skills to look Reimbursements paid (act as an incentive)	Difficult to monitor Lack of jobs/industry Forms difficult to clients/not returned on time
Job Club	Teaches job search skills Motivates participants Promotes self esteem/confidence/good attitude	Training materials/equipment inadequate or outdated Lasts too long Inadequate community resources (child care/transportation)
Comprehensive Supportive Services	Gives clients time to overcome barriers Referrals to other agencies "A good component for those with problems"	Lack of community resources Difficult to monitor if overcoming barriers Some clients don't work on barriers or fail in overcoming barriers
Work Experience	Provides work experience/training Promotes self esteem/confidence Possible job from component activity	Not enough work experience work sites No pay for work Does not guarantee jobs
Education	Get GED/basic education Increases self esteem/confidence/pride Increases employability	Lack of schools/teachers Monitoring is difficult Lack of community resources (transportation and child care)
Training	Trains for a job/provides job skills Provides good job opportunities Reimbursements/supportive services available	Lack of facilities/variety of programs limited Lack of community resources (transportation and child care) Not available for Food Stamp Participants
On-the-job Training	Work experience/jobs training Paid for work/learn to learn Possible job at work site	Limited number of work sites/employers participating Does not lead to jobs Funding is limited
Specialized Vocational Training Programs	Provides training/trains for jobs Educational Promotes confidence/self esteem/motivates	Limited number/variety of training programs Length of program too long Lack of community resources

"The Family Support Act in Arkansas," April, 1990.

The survey asked the case managers to list and rank the three most common reasons why participants are referred to the Comprehensive Supportive Services Component. Of the 163 case managers who returned the survey, only 152 case managers provided an answer for the rank one reason, only 144 case managers provided an answer for the rank two reason, and, only 113 case managers provided an answer for the rank three reason. Reasons provided by the case manager were grouped into like categories. Reasons that were given, but could not be grouped into a like category, were included in an "other" category. The following table lists the top three responses under each rank. (The first number represents the number giving that response and the second number represents the total number of case managers that chose to list a response for that rank.)

TABLE 3
REFERRAL REASONS TO C.S.S

RANK	Lack of transportation	80/152
One	Lack of child care	32/152
	Medical (mental/physical) problems	11/152
RANK	Lack of child care	55/144
Two	Lack of transportation	35/144
	Medical (mental/physical) problems	16/144
RANK	Medical (mental/physical) problems	36/113
Three	Lack of child care	18/113
	Lack of transportation	10/113

"The Family Support Act in Arkansas," April, 1990.

According to the case managers, the most common reason why participants are referred to Comprehensive Supportive Services is

the lack of transportation. In addition, case managers listed the lack of child care as the second most common reason why participants are referred to Comprehensive Supportive Services. These are not surprising findings considering that case managers indicated the most inadequate community resource was transportation and the second most inadequate community resource was child care (See page 2).

Sixty-four (64) case managers reported that participants are most often referred to state agencies to help overcome their barriers. Twenty-six (26) case managers selected non-profit agencies. Seventeen (17) case managers selected county agencies and 8 case managers selected for-profit agencies as the most referred to agency. Eleven (11) case managers selected other groups, which included: "JTPA," "neighbors, family, friends," "at this time there are no agencies to help participant overcome barriers," "someone that is a friend or relative," "someone the participants know," "vo-tec, ESD, and JTPA," "Adult Basic Education," "all of the above," "people they know and are related to," and "Literacy Councils." More than likely, the high number of referrals to state agencies may be a result of a lack of non-profit agencies to which referrals could be made. Several case manager indicated that referrals are often made to participants' family and friends or other people they know. Again, this may reflect the limited number of agencies in the state that are available.

On a scale of one to five to determine the helpfulness of such agencies in assisting participants in overcoming their barriers (with five being very helpful), almost a third, or 51 case managers, rated the agencies a three. The moderate rating of the agencies receiving referrals may be a result of the lack of community resources; the agencies may be there, but have little to offer the clients in terms of overcoming barriers, especially in term of transportation and child care.

Half of the case managers (83) considered lack of participants' motivation as the most significant reason why participants fail to overcome their barriers. Seven (7) case managers wrote in other reasons, which ranged from lack of employment in the area to lack of appropriate outside agencies to assist participant and lack of community resources. Likewise, participants' motivation was cited as the most significant reason (by 67 case managers) why participants are able to overcome their barriers. Three (3) case managers wrote in other reasons why participants are able to overcome their barriers, which ranged from reimbursements for mileage and child care to family help to threat of benefits being reduced or terminated. This reflects the attitude that has underlined the U.S. welfare system for decades. That attitude is that individuals are responsible for their poverty situation; and, therefore are responsible for overcoming that situation.

One hundred (100) case managers reported that they most often refer participants to Adult Basic Education classes for educational services. Twenty-four (24) case managers referred participants to public vocational-technical schools; 4 referred to community colleges; and, 4 referred to JTPA subcontractors. One (1) case managers reported referrals to Literacy Councils and 1 case managers reported referrals to for-profit vocational technical schools. Two (2) case managers wrote in other responses, which included "all of the above" and "GED schools."

One hundred and thirty-two (132) case managers reported that public educational agencies have been responsible for providing most of the educational services for participants in the Education Component. Eighteen (18) case managers selected non-profit agencies. (0 case managers selected for-profit agencies.) Three (3) case managers wrote in other responses, which included "state vocational-technical schools (GED classes are being offered by vocational-technical schools)," "high school and non-profit agencies," and "local schools (GED) and vocational-

technical schools (GED)."

The referral patterns described in the above two paragraphs may reflect two things: 1) that educational services most available in the state are through public educational agencies; and, 2) that case managers tend not to use for-profit schools or proprietary schools for educational services because some schools of this type have been charges, on a national and state level, with fraudulent recruiting practices, poor quality and high default rates (Family Matters, p. 10).

One hundred and twelve (112) case managers reported that Pell Grants were the most common method for paying for tuition for participants in the Training Component. Fifteen (15) reported JTPA funds as the payment method for tuition. Seven (7) reported guaranteed student loans as the payment method. One (1) case managers wrote that tuition is paid through "various financial aid available through the education agency."

Sixty-four (64) case managers reported that JTPA has been most helpful in providing on-the-job training work slots. Ten (10) reported that state agencies have been most helpful. Eight (8) reported that other agencies, such as non-profits, have been most helpful. Seven (7) reported that private businesses (non JTPA) have been most help in providing work slots. Fourteen (14) case managers wrote in other responses; 13 of those responses reported that on-the-job training was not available in the county. (Forty-one (41) case managers selected "don't know," and 18 case managers did not answer the question.)

Seventy-two (72) case managers reported that Specialized Vocational Training Programs are available in their county/area. Ninety (90) reported that these programs are not available. A Project SUCCESS spokesperson reported approximately six operational Specialized Vocational Training Programs in the state. Those programs service 11 counties representing only 46 case managers. The high number of case managers reporting that those programs are available in their county/area compared to the actual number of programs that are available reflects that case managers are not clear on the definition of Specialized Vocational Training Programs and may be confusing them with training programs offered by vocational and technical schools and proprietary schools.

Of those case managers that reported that Specialized Vocational Training Programs are available in their county/area, 25 reported that participants are referred to those programs because participants show aptitude for training offered by such a program. Twenty (20) reported referrals are made because participants request referral to such a program. Seven (7) reported referrals are based on the participants reading and math levels. Three (3) reported referrals are made because participant has been unable to find a job and 3 reported referrals are made because participants have low self-esteem. Two (2) reported that referrals are made to Specialized Vocational Training Programs because the participant has been repeatedly sanctioned for non-cooperation in other components. Eleven (11) reported they did not know reasons for referral. Seven (7) wrote in other reasons, which ranged from the lack of these programs in the county/area to the need for personal skills building and basic education. (81 case managers skipped this question.)

Of those case managers that reported that Specialized Vocational Training Programs are available in their county/area, 62 reported that other Project SUCCESS components are used first before referrals are made to those programs. Only 13 reported that referrals are made to those programs before other components are used. (81 case managers skipped this question.)

Administration

About half of the case managers (82) reported that they had access to support personnel, such as receptionists and secretaries. Seventy-two (72) case managers reported that they did not have access to support personnel. Of the case managers who reported having access to support personnel, case managers generally ranked the time available from such personnel as being inadequate. Fifty-five (55) ranked the time available as a one (inadequate). Only 2 case managers ranked the time available as a five (adequate).

As of December 1989, the Department of Human Services reported 12,979 open AFDC cases in Project SUCCESS (COORS Report, pgs 69-70). When dividing that caseload with 174 (the number of case managers), the state average caseload is 75. When looking at an average county Project SUCCESS caseload per case manager for AFDC cases, 2 case managers had an average caseload of only 29 AFDC cases, while 1 case manager had an AFDC caseload of 185.

Of the 75 counties in Arkansas, 39 counties are single county projects. Of the 163 case managers responding to this survey, 123 were from single county projects. 38 counties are in multi-county projects, with 40 responding case managers from those projects.

Overall, case managers rate Project SUCCESS favorably in terms of helping participants to become self sufficient. Seventy-five (75) case managers reported that it was "somewhat helpful." Sixty-nine (69) case managers reported that it was "very helpful." Nine (9) case managers reported that Project SUCCESS provide "very little help;" and, only 2 case managers reported that it provided "no help." This high opinion of Project SUCCESS can be reflected by the following comment by a case manager:

In my opinion, Project SUCCESS is one of the most beneficial programs we have in our Department. When a person gains self-confidence, this reflects on their work and their families. My job is stressful due to the excess paperwork, but it is very gratifying when I see people that were very negative become happy and more positive about their future.

Although case managers generally view Project SUCCESS favorably and consider it helpful in terms of assisting individuals to become self-sufficient, they point out several weaknesses with the program, such as the lack of transportation, child care and community resources in this state. Subsequent studies of Project SUCCESS should be conducted in order to further identify the scope of these problems, as well as to assess whether Project SUCCESS is continuing to provide improved opportunities for welfare recipients across the state.

BIBLIOGRAPHY

"ACR Welfare Recipient Study," Arkansas Career Resources, Inc. 1988.

Bucey-Eberle, Carolyn. "Comparison--Sequence of Services for the Family Support Act JOBS Program," Coalition of Human Needs. 1989.

"County Office Operational Report (COORS Report), December 1989," Division of Economic and Medical Services, Arkansas Department of Human Services. January, 1990.

"Family Support Administration: Aid to Families with Dependant Children; Job Opportunities and Basic Skills Training (JOBS) Program, Child Care and Supportive Services, and Conforming Changes to Existing Regulations; Proposed Rule." Federal Register, April 18, 1989. pgs. 15638-15695.

"Family Support Administration: Aid to Families with Dependant Children; Job Opportunities and Basic Skills Training (JOBS) Program and Child Care and Supportive Services; Final Rule." Federal Register, Vol. 54, No. 197, October 13, 1989. pgs. 42146-42267.

"Manual Transmittal: New Project SUCCESS Policy." Division of Economic and Medical Services, Arkansas Department of Human Services. July 1, 1989.

"Proprietary Schools," Family Matters, October 1989. pgs. 10-11.

Acting Chairman DOWNEY. Thank you, Ms. Ledbetter.

And to both Ms. Liatsos and Ms. Graves, thank you very much for coming. And good luck with your careers. You give us the hope that what we have done in Washington is working. That is why we are here today—to try and figure out how we can make it work better and make it work for more people. You are inspirations to us.

Thank you.

Mr. ANDREWS. I have no questions, but I do very much appreciate your testimony.

Acting Chairman DOWNEY. The subcommittee stands adjourned.

[Whereupon, at 11 a.m., the hearing was adjourned.]

[Submissions for the record follow:]

STATEMENT OF
JUDY JONES JORDAN
PULASKI COUNTY CHILD SUPPORT

I. Enforcement Provisions

Immediate Income Withholding - The immediate income withholding provision will provide the most effective tool for enforcement under the Family Support Act.

Arkansas has had an income withholding provision since 1984. It has been most effective. More than 68% of all collections made by the Pulaski County Unit are collected by means of wage withholding.

Immediate income withholding went into effect in Arkansas on October 1, 1989. Legislation provided that wage withholding be mandatory for IV-D clients as of October 1, 1989. The Legislature opted to allow each Judicial District to determine if the mandatory income withholding provision should be mandatory for Non-IV-D cases before 1994. The Sixth Judicial District, which adjudicates matters for Pulaski County, found it to be easier to administrate mandatory income withholding on all new cases brought before the courts. Also, all cases brought for review will be subject to immediate income withholding pursuant to a standing order of the Chancellors.

Social Security Number Identification - The identification of Social Security Numbers on birth certificates should prove helpful in the future. However, short term results will not be significant.

II. Program Standards

Implementation and Staffing - Program standards may actually prove to be detrimental to the Child Support client because the standards mandate and measure activity rather than results. Child Support case workers are placed in the position of performing tasks within certain timeframes, dotting the "i's" and crossing the "t's" simply to comply with artificial standards. The result may be to sacrifice client service in favor of shuffling papers.

To effectively implement the standards, Child Support agencies will require additional staff. Child Support agencies throughout the country are already understaffed. In dealing with other States under the URESA Act, it is not uncommon to await action for one to three years. This is not due to differentiation of clientel but to understaffing and large caseloads. It has been estimated that Arkansas may be required to increase its' child support staff by as much as 300% to fully implement the program standards and addition of services for medical support and Medicaid clients; yet, the FFP has decreased over the past three years rather than increased.

Program standards are desirable and needed. However, as long as financial incentives are tied to collections and cost efficiency ratios, states will not be able to provide sufficient staff to meet program standards which are activity oriented rather than results oriented.

I would suggest that the Committee look at the funding formula with an eye toward creation of a funding mechanism to encourage States to enhance staffing for Child Support Programs. That funding mechanism might require that a percentage of all income derived for the program be dedicated to the operation of the Child Support Agency in each State.

Case Closure Criteria - Case Closure Criteria are too restrictive, not allowing for cases which have insufficient information to pursue to be closed in a timely fashion.

Paternity Standards - Paternity Standards should prove beneficial to the program and provide needed incentive to expediate establishment of paternity. The percentage standards may penalize those State's, such as Arkansas, which have done an exceptional job in recent years of establishing paternity. Until base figures are defined, it will be difficult to discern the effect of the percentage standards.

Periodic Review for Modification - Staffing for periodic review will be difficult as noted above. An example of the difficulty of implementing periodic review can be seen by looking at the caseload composition throughout the nation. Roughly, half of the 14,000 cases currently open in Pulaski County are pending cases requiring locate or legal activity. Nearly, half of all new and reopened cases require locate activity. To review cases with an existing court order will require staffing to be less cost efficient and place an undue hardship on clients with no support ordered.

Additionally, Courts are inundated with IV-D cases now. Requiring periodic review will require an expanded judiciary or mandatory requirement for implementation of an administrative process for review. In Arkansas the use of administrative procedures would require Constitutional Amendment.

If looking to increase the amount of the Child Support award through mandatory adherence to established support charts when reviewing cases for increase of support, the new provision does not accomplish this goal. In Arkansas and in other states, the client must be able to prove material changes in circumstances to have an increase awarded. Mandatory legislation is required to ensure that increases of court ordered child support be based solely upon the absent parent's income less specified deductions.

III. Recommendations

Medicaid and Medical Support - Regulations for Child Support Enforcement activities in regard to enforcement of medical support and Medicaid are not clearly defined. A recent federal audit team reviewing the Program in Arkansas found the regulations vague and difficult to apply. Furthermore, this is an example of an extension of program services which is not cost effective for the Child Support Program. These services need to be provided. If the Child Support Program is to effectively obtain medical support and reimbursement for Medicaid, cooperative agreements must be mandated in order to add additional personnel. If the collection function is to reside with the Child Support Unit, all such cases which are recoverable must be assigned to the Child Support Enforcement Agency. It would be cost effective to handle third party liability and related cases, but there may be reluctance on the part of Medicaid administrators to relinquish that portion of their program. It is not effective for the Child Support Enforcement Unit to perform the task under current law.

For example, the Pulaski County Unit recently obtained an order which required the absent parent to pay \$50.00 per month toward medical insurance. The mother did not obtain medical insurance and has a child on Medicaid. A cooperative agreement does not exist between CSEU and Medicaid. Therefore, the Unit can only report the collection to Medicaid personnel and must account for the \$50.00 as support. While the Child Support Enforcement Unit may expend several hundreds of dollars for contempt for failure to provided medical support, there is no existing mechanism to pay incentive on that collection in the absence of a cooperative agreement. The local unit must simply absorb the unreimbursed portion of the cost.

It is suggested that Child Support Enforcement be responsible for recovery of third party liability and all other medical support if there is an absent parent and that incentives be payable to the Child Support Unit so that a more effective program can be established.

Establish Attorney - Client Relationship - The IV-D attorney is often faced with an ethical problem in regard to the IV-D client. That relationship should be clearly defined by law so that there is no perception of unethical conduct on the part of the IV-D attorney in sanctioning the client or not pursuing Non-IV-D legal matters for the client. The issue of the IV-D attorney properly withdrawing on a custody case requires definition. Legal Services and private attorneys are questioning the ethics of the limited scope of IV-D legal services to clients. If this issue is not addressed, a lawsuit is in the offing.

Additional problems are created by the Periodic Review Requirement when that review indicates a reduction in support may be warranted. The law must clearly define the relationship of the IV-D client, the Child Support Unit and the attorney and limit/restrict any attorney/client relationship between the IV-D client and the attorney.

Unemployed Parents - Regulations are urgently needed on the pursuit of paternity and support of unmarried fathers receiving AFDC benefits under the Family Support Act.

TOMMY F. ROBINSON
2D DISTRICT, ARKANSAS
COMMITTEES
EDUCATION AND LABOR
POST OFFICE AND CIVIL SERVICE
SELECT COMMITTEE ON CHILDREN,
YOUTH, AND FAMILIES
TAX POLICY & JOB OPPORTUNITIES
TASK FORCE
CHAIRMAN

WASHINGTON OFFICE
1841 LONGWORTH HOB
WASHINGTON, DC 20515-0402
(202) 226-2506

Congress of the United States
House of Representatives
Washington, DC 20515-0402

FOR IMMEDIATE RELEASE
MONDAY, APRIL 30, 1990

WRITTEN STATEMENT OF U.S. REP. TOMMY F. ROBINSON (R-ARK)
PREPARED FOR THE SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON
WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, DURING ITS
APRIL 30, 1990, FIELD HEARING IN LITTLE ROCK, ARK.

Mr. Chairman, as an original co-sponsor of the Family Support Act of 1988, I take great pride today in your decision to hold this important field hearing in the heart of Arkansas. I believe Arkansas represents the better qualities of our nation. Therefore, I support full implementation, in our state and throughout our nation, of legislation that seeks to improve quality of life for those who slip temporarily below the safety net.

In these times of immense budget deficits, we must remember those people who are truly the backbone of America, our working men and women. It is hardly fair for Congress to expect those who cannot meet their fiscal obligations to become economically empowered without some degree of help. Yet it is easy for us to become concerned with projects and programs that do not support the truly indigent.

This law will require state governments and the Department of Health and Human Services to work together to establish the National Education, Training and Work Program (NETWork). NETWork is founded on the biblical inspiration that teaching a man to fish is far better than fishing in his stead. I believe we have allowed our government, in the past, to fish for us rather than to teach us how to feed ourselves. We must now begin the task of lifting all Americans back into the zone of economic prosperity.

Mr. Chairman, I challenge President Bush, the Congress and governors to guarantee that we will no longer depend on the old methods of give, give, give without expecting results. A new day will soon dawn in Arkansas...one that is filled with hope and expectation, and the promise that new ideas can lead to a better life for all men and women. As you work toward fulfilling these goals, keep the reminder of past failures and the optimism of new hope in mind so that one day you can return to the Baptist Medical Center in Little Rock and be proud of the job we completed.

1527 FEDERAL BUILDING
700 WEST CAPITOL AVE.
LITTLE ROCK, AR 72201-3270
(501) 378-5941

411 NORTH SPRUCE
SEARCY, AR 72143-4222
(501) 268-4287

P.O. BOX 431
LONGKE COUNTY COURTHOUSE
LONGKE, AR 72086-0431
(501) 876-6403

FAULKNER COUNTY COURTHOUSE
COUNTY JUDGE'S OFFICE
LOUST 51
CONWAY, AR 72032
(501) 327-6589

CMS Library
C2-07-13
7500 Security Blvd.
Baltimore, Maryland 21244

CMS LIBRARY



3 8095 00007873 9